FBIS DAILY REPORT

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MINISTRY DENIES 'UNDER COUNTER' ARMS SALES

PY202107 Buenos Aires BUENOS AIRES HERALD in English 20 Dec 86 p 1

[Text] (NA and own sources) The government's decision to reactivate Fabricaciones Militares has brought Argentine weapons exports under the spotlight, with unnamed sources claiming that 20 to 25 percent of light arms production is sold to different countries indirectly, through third countries or fronts under a so-called "triangulation" system.

Asked by the HERALD to confirm or deny this information, Defence Ministry sources said that the information was incorrect, and strongly denied Argentina was selling weapons under the counter.

According to NOTICIAS ARGENTINAS, Defence Minister Horacio Jaunarena on Monday will announce several measures aimed at reactivating Fabricaciones Militares, which include calling a public tender for the privatization of the petrochemical companies currently operating under that ministry, and placing Argentine light arms on foreign markets. This plan is supported by the Armed Forces which see the possibility of obtaining more financial resources.

The information from unnamed sources also stated that the Defence and Foreign Relations Ministries had come to an agreement whereby arms will "continue to be taken out of the country under the counter," through the usual "front and triangulation" systems.

This agreement also established that the "products" to be exported should be defensive weapons, which cannot be considered as a destabilizing military factor in the so-called "hot zones" of the globe, the sources indicated.

DEPUTIES PASS FISHING PACTS WITH USSR, BULGARIA

PY241724 Buenos Aires DYN in Spanish 0325 GMT 24 Dec 86

[Text] Buenos Aires, 23 Dec (DYN) -- The Chamber of Deputies tonight passed into law the fishing agreements that have been signed between Argentina and the Soviet Union and Bulgaria. These countries are now authorized to fish in Argentine waters.

These agreements provoked a reaction from the British Government, which declared an economic protection zone around the Malvinas Islands to prevent vessels with Argentine authorization from fishing in that area.

The Radical bloc voted in favor of the agreements, while the Center Democratic Union, the Developmentalists, the Progressive Democrats and the Renewal Party voted against the agreements.

TROCCOLI INVITES PARAGUAY TO JOIN 'COMMON MARKET'

PY241647 Madrid EFE in Spanish 2104 GMT 23 Dec 86

[Text] Buenos Aires, 22 Dec (EFE) -- Argentine Interior Minister Antonio Troccoli today said that Argentina has invited Paraguay to join the economic integration process of the American Southern Cone, a process in which Brazil and Uruguay are also participating.

The Argentine invitation was made during yesterday's meeting between Troccoli and Paraguayan Interior Minister Sabino Montanaro, with whom he spoke for almost 1 hour.

The two interior ministers yesterday dedicated in Posadas, northeastern Argentina, a bridge to link Posadas with the city of Encarnacion, in Paraguay.

Troccoli today told the press that the Argentine relations with Paraguay "are developing within the principle of nonintervention in the domestic affairs of other countries."

Asked about the domestic situation currently prevailing in Paraguay, Troccoli stressed that "we must accept the facts as they are and let every society solve its own problems."

Troccoli said: "We cannot hinder the economic integration process being promoted by Argentina, Brazil, and Uruguay. Thus, we have invited Paraguay to join this enterprise of marching together."

Argentine President Raul Alfonsin and Brazilian President Jose Sarney have, in the past few months, signed 20 agreements on bilateral economic integration in separate meetings held in Buenos Aires and Brasilia.

Uruguay will soon participate in these agreements, which are described as the first step toward the creation of a Latin American common market.

PARAGUAY REPORTEDLY JAMS FORMOSA RADIO

PY241218 Buenos Aires TELAM in Spanish 1150 GMT 24 Dec 86

[Text] Buenos Aires, 24 Dec (TELAM) -- LRA-8 Formosa National Radio was jammed late last night as it was airing a program on Radio Nanduti, a Paraguayan station in opposition to the government of General Alfredo Stroessner. The jamming presumably originated in Paraguay. This was reported to TELAM by LRA-1 Buenos Aires Nacional Radio.

Nestor Sclauzero and Enrique Gliezer, anchormen of the LOS PROTAGONISTAS program, which is aired over a network that includes LRA-1 Buenos Aires Radio Nacional, LRA-8 Formosa Radio Nacional, LRA-12 Santo Tome (Corrientes) Radio Nacional, and LRA-16 Puerto Iguazu (Misiones) Radio Nacional, reported that the program was jammed for 42 minutes, from 0000 to 0042.

The jamming reached its peak during a report on Radio Nanduti director Humberto Rubin by Argentine journalist Becker Casaballe. The journalists reported that this forced LRA-8 Formosa National Radio to end the retransmission of the program.

DEFENSE MINISTRY CONSIDERS END TO DRAFT

PY272023 Buenos Aires BUENOS AIRES HERALD in English 27 Dec 86 P 11

[Text] (NA-DYN) Upper and Lower House defence committees chairmen Antonio Berhongaray (La Pampa) and Balbino Zubiri (Buenos Aires) yesterday confirmed that the defence ministry carried out an "in depth study" into the possibility of replacing compulsory military service with the drafting of volunteer recruits.

Senator Berhongaray expressed his "complete agreement" with the abolishment of compulsory military service and the induction of volunteer recruits who would sign a three-year contract and be paid as professional soldiers "as a way to overcome the lack of efficiency of Argentina's Armed Forces as compared to those of other countries."

The senator explained that this comparative inefficiency was due to the yearly renewal of recruits which made their proper training impossible. He added that there would be no financial difficulties in implementing the new system, because the salaries to be paid to the volunteers "do not make much of a difference, as there are high costs now too."

Unlike Berhongaray, Deputy Zubiri found the payment of salaries required by the new system "an inconvenience," although he agreed with the need to professionalize the Armed Forces. The deputy also considered that in some sectors the change could not be undertaken abruptly as it would leave key defence areas unprotected.

The new system, which could be announced by Defence Minister Jose Horacio Jaunarena before the end of the year, would reportedly be put into effect gradually beginning with the Navy in 1987, then the Air Force in 1988 and finally the Army in 1989.

A source close to the high commands said that the Armed Forces were analyzing the possibility of hiring specialized personnel to replace non-commissioned officers who were driven out by low salaries, especially in the Navy, but not combat soldiers to take the place of the recruits who annually enter the forces on their compulsory military service.

UBALDINI SAYS ALFONSIN 'ONLY VALID SPOKESMAN'

PY250222 Buenos Aires BUENOS AIRES HERALD in English 24 Dec 86 p 1

[Text] (DYN) -- General Confederation of Labour (CGT) Secretary General Saul Ubaldini yesterday said he had "nothing more to discuss" with Economy Minister Juan Sourrouille and pointed to president Raul Alfonsin as the only valid spokesman for the Radical administration to negotiate wage policy in the future.

The CGT directive council released a statement in which it regrets not being able to "communicate a message of happiness" because "hundreds of thousands of Argentine homes live under the burden of misery and despondency."

BRIEFS

GROSS DOMESTIC PRODUCT -- The gross domestic product (GDP) rose 11.6 percent during the third quarter of 1986, as compared to the same period last year. The cumulative GDP for the first nine months of this year registered a 6.1 percent hike, over the same period of 1985. [Text] [Buenos Aires BUENOS AIRES HERALD in English 23 Dec 86 p 3 PY]

SARNEY REPORTEDLY CANCELS TOUR OF 5 COUNTRIES

PY301320 Madrid EFE in Spanish 1135 GMT 30 Dec 86

[Text] Brasilia, 30 Dec (EFE) -- According to press reports today published in Brasilia, President Jose Sarney has indefinitely postponed the tour he was to have made through five countries during the first half of next year, owing to the internal economic situation and the sessions of the national Constituent Assembly.

According to the Foreign Ministry, President Sarney was to have visited France, FRG, USSR, India and China during the first half of next year.

The Brasilia newspapers have indicated that the trip was to take place before next May but has been suspended because of the internal situation and the upcoming debates of the national Constituent Assembly which is drawing up the seventh national constitution.

President Sarney said that he intends to follow closely the Constituent Assembly sessions and the newspapers indicate that Sarney believes that it will not be politically favorable to him to be absent from the country at that time.

The last time Sarney left the country was last September when he traveled to the United States to meet with Ronald Reagan.

GOVERNMENT REBUFFS SURINAME'S AID REQUESTS

PY260319 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Dec 86 p 5

[Text] Paramaribo -- Henricus Heidweiller, the head of the Surinamese presidential household [title as published] stated in Paramaribo last night that his government has Brazil's support for its current process of democratization: "President Sarney has made it clear that he opposes any attempt at destabilizing Commander Desi Bouterse's administration." Heidweiller made this statement upon returning from a 10-day visit he paid to Brazil and Venezuela, which apparently also extended its support to the Surinamese Government. For the last 5 months Bouterse has been under attack from a guerrilla group seeking to topple him. This group is led by Ronnie Brunswijck, a former bodyguard of the President.

Meanwhile, in Brasilia, acting Itamaraty spokesman Norton Rapesta indicated that "the Brazilian Government has always opposed movements directed at destabilizing legally established governments." Rapesta said he was not aware of any statement made by Heidweiller, adding that the stance against destabilization of governments in other countries "is a traditional position of Brazilian diplomacy." Commander Desi Bouterse, who seized power in 1980 through a coup d'etat, had sent Heidweiller as special envoy to Brasilia and Caracas to obtain the support of the two countries.

During his stay in Brazil, Heidweiller did not get what he wanted at the "informal" talks he held in Brasilia. Thus, Suriname will not receive any more troops or any other Brazilian military assistance other than what it already has -- namely, armored vehicles, light weapons, ammunition, and field and communications equipment. Bouterse's special envoy did not even get an open line of credit to link small rural towns with Paramaribo by telephone. The most that Suriname can hope for is finished products for immediate installation in the country, but certainly not money.

Heidweiller also took advantage of his visit to refute charges that have recently been hurled at the Bouterse government. He denied any agreement with Libya and the claim that his country had received $100 million from Libyan leader Colonel Mu'ammar al-Qadhdhafi. However, Brazilian military sources have definitely stated that there are Libyan advisers in Suriname's capital, helping the government to cope with the guerrillas.

Heidweiller also said that the Surinamese Army has never used violence against the opponents of the regime and denied that there have been massacres of civilians. "These reports are nothing but a big lie that political groups in the Netherlands have managed to disseminate through the international news media," Heidweiller charged. As a colony, Suriname had belonged to the Netherlands. However, the U.S. Department of State claims that the reports are true and has reported that Surinamese Government troops have been murdering civilians in their struggle against the guerrillas. The Department of State added that this has become so frequent that it has prompted a mass flight of more than 5,000 people to French Guyana.

SARNEY USES 'WAR GAMES' COMPUTER FOR FIRST TIME

PY241536 Rio de Janeiro O GLOBO in Portuguese 21 Dec 86 p 13

[Text] Brasilia -- Brazil was involved in a total war during the last week in November. More than 500,000 men, 200 airplanes, and 80 warships and submarines were used to stop invasions all along Brazil's borders. There were fierce combats with dead and injured men, and winners and losers.

This war, however, did not affect the country at all. A pedestrian who happened to pass in front of the Armed Forces chief of staff building, where the command fighting the different foreign threats to Brazil was headquartered, would not have realized that anything at all was happening.

This is because the war was a game in which men "were fighting" a Univax computer with a very precise and clear screen, which played the role of the enemy. Purchased for $250,000 early last year, this computer is the first piece of equipment in a war room for the president of the Republic.

Fed by information from 2,000 channels of the Brasilsat, the Univax is capable of precisely displaying a strategic situation involving ground, naval, and Air Force troops, and the resupply systems to keep them in action.

Based on this information, decisions are made easily and with great precision. Results and consequences of the decisions are assessed. This system is known in military jargon as C3I, an acronym that means communication, control, command and information.

This system is in its preliminary stage, following an entire year of tests with the softwares (computer programs) employed. Several difficulties have emerged in trying to establish the "war games" project begun by Admiral Jose Maria do Amaral and completed by General Paulo Campos Paiva.

Similar systems for a simulated naval combat already existed, but not for the simulation of fighting on land. Because the EMFA was hoping for something to cover all aspects of a war, it mobilized the resources of the Army Informatics Center.

Special software for ground fighting, the only such software in existence, has been developed. It is capable of displaying on a highly precise screen all details of a given terrain. Thus, the "commanders" can distribute their troops, portecting them in the mountains, forests, valleys, and rivers.

At the same time, on another terminal, the effects of the battle can be monitored in detail. Segments less than 100 meters long of the battle front, which can be hundreds of thousands of kilometres long, can be examined. With only a few keystrokes, the computer can focus closely or at a distance from any point of action.

Meanwhile, other regions can be observed at other terminals. Fighter planes can attack enemy bomber planes, ships can repel submarines and air attacks, marines can disembark on unprotected beaches.

The EMFA's C3I is considered to be secret, and further details of its equipment have not been revealed. It is known that more than 20 terminals can be operated simultaneously, providing an overall or sectional picture of the situation. The few details that leaked out about the software indicate that three programs prepared by the informatics centers of the Navy, Army, and Air Force have been integrated into a single program.

Despite the fact that it is being used already, the "war games" project is still not finished. It will be improved gradually according to requirements. In all, this is the first operational C3I in Latin America, and one of the few outside Europe and North America.

There is a possibility of installing another war room similar to that of EMFA in Planalto Palace. The installation of this "war room," which will be part of the whole system as originally planned, will cost $100,000. Closed optic fiber telephone circuits will transmit thousands of bits of data per second. Computers and terminals in the president's "war room" will receive simultaneous signals from the Informatics Centers of the Army, Air Defense Integrated Center, Air Traffic Control Center, and Navy Decision Center, in Brasilia and Rio de Janeiro.

This plan, which seems like a plot from a science fiction film, seems to have won a powerful ally. President Sarney was present at the EMFA to follow closely the "battles" on the computer. After he left, he made a long comment about what he saw, clearly showing his enthusiasm for the professionalism and ability shown during the battles." However, he did not reveal who won the first "war" he commanded.

BRIEFS

EMBRAER SHOWS NEW AIRPLANES -- Embraer, the Brazilian Aeronautics Company, has delivered its first passenger model, the Brasilia, to the Aeronautics Ministry. This modern airplane carries 30 passengers, employing 27 computers to command it. Embraer has sold 89 Brasilia planes so far in the United States, Europe, and Africa, and expects to sell 100 more in 1987. Embraer also gave a demonstration flight of the first Brazilian-Italian fighter jet, the AMX, which promises to be the most modern attack plane in the world. The AMX demonstrated was impeccable. [Summary] [Rio de Janeiro Rede Globo Television in Portuguese 0125 GMT 23 Dec 86 PY]

SALDIVAR ON U.S. RIGHTS STAND, REGIONAL ISSUES

PY310140 Asuncion ULTIMA HORA in Spanish 30 Dec 86 p 11

[Text] During a news conference at the Foreign Ministry building, Paraguayan Foreign Minister Carlos Augusto Saldivar yesterday discussed several aspects of the government's foreign policy. Concerning the human rights situation and comments made by U.S. Assistant Secretary for Inter-American Affairs Elliot Abrams that the human rights situation "in Paraguay has become worse," Dr Saldivar stated that "here we have a democratic system, a government that emerged from the people's decision at the ballot boxes, and a government that respects human rights. The three branches of government are operating. We are concerned about the people's health and the basic rights of the peasants. We are seeking to permit everyone to possess his own tract of land, as provided for by the Constitution and in accordance with the Colorado Party's postulates." The minister added: "We are supporting the Paraguayan people. We are working, and we believe that there is no deficit concerning human rights. Some things may have happened in the past, and they are the basis of Mr Abrams' opinion. This opinion is his personal opinion, and it does not affect the confidence that the Paraguayan people have in President Stroessner."

A Rendezvous With Sarney [subhead]

Moving on to another issue, a possible Stroessner-Sarney meeting at Itaipu, the foreign minister stated that "the opening of two additional turbines at Itaipu is being scheduled. This event is very important. One must think that two turbines represent a much greater energy output than that of many other dams in the world. Therefore, this magnitude must be stressed. Obviously, our two chief executives will meet because this event requres their presence." He did not mention the date of the meeting, saying only that "talks are being held and schedules are being arranged. I believe that very soon the exact date will be set by the two foreign ministries."

At another point during the impromptu news conference, the foreign minister addressed the problems encountered with Paraguayan meat exports to Brazil and Peru. He said: "There was no suspensions with Brazil; just some regulations that were established, to which our exporters must conform, of course. However, this problem is already being solved. The issue being discussed with Peru is how to make transportation costs commensurate with the requirements of the Peruvian consumers. This is being discussed so that, without detriment to our exporters, the Peruvian people may consume Paraguayan meat at reasonable prices."

Pilcomayo: "Nothing Has Been Detected..." [subhead]

Dr Saldivar was told that, according to some experts, Bolivian dams are causing a reduction in the water level of the Pilcomayo River. The foreign minister replied that "the technical commissions have been unable to detect anything in this regard, and the water level of the Pilcomayo river remains normal. It is a river with ups and downs, depending not only on rainfall but also on the Andean thaws. It is therefore very difficult to control these waters. We believe that in the future a way will be found to make the river's flow steady."

Saldivar also spoke about integration, an aspect that has recently been discussed by the Southern Cone nations. Saldivar explained the government position that Paraguay "is part of every integration process, and that it is an integrationist country. We have demonstrated this with our actions in the international organizations, at the LAFTA [Latin American Free Trade Association], at the current ALADI [Latin American Integration Association], at the BID [Inter-American Development Bank], and in speeches by Paraguayan representatives -- including President Alfredo Stroessner, himself -- at several international forums. We believe that if Paraguayan interests so dictate, we will join all the integration processes, even the one now being undertaken by Brazil, Argentina, and Uruguay." Asked whether there had been an official Argentine or Brazilian proposal for Paraguay to join the tripartite agreement, the foreign minister said "we are working on bilateral programs and projects. Within that pattern, we will continue to make progress so that if our economy requires it, we will be able to join the economy of two countries that are obviously more advanced industrially. We are an agricultural and livestock-producing country. We must take good care of this aspect of our economy because our economy must follow the pace of the current times."

"Good Relations With Everyone..." [subhead]

Saldivar pointed out that "Paraguay's relations with all the Western Hemisphere countries are good. Of course, the relations with the neighboring countries are more dynamic because they are close, and because of the projects were are conducting with Brazil and Argentina."

Saldivar emphasized the Itaipu and Yacyreta hydroelectric projects, the Bridge of Friendship, which links the ciy of Stroessner (Paraguay) to Foz do Iguacu (Brazil), the new international bridge that will link Encarnacion (Paraguay) to Posadas (Argentina), also on the Parana River, the possibility of more practical and useful relations with Bolivia, and the current ties between the Paraguayan and Chilean Governments.

JUDGE RELEASES TRADE UNION LEADER, JOURNALIST

PY302138 Asuncion ULTIMA HORA in Spanish 30 Dec 86 p 50

[Text] Criminal Judge Cesar Rey Martinez has ordered the release of Dr Enrique Bellassai, a member of the Hospital de Clinicas movement, who has arranged several demonstrations to demand salary increases.

Last week, the police arrested Bellassai in Neuva Colombia where he was completing his rural service. He is accused of violating Law 209, on the Defense of Public Order and the People's Freedom, especially, he is charged with "inciting the people to take to the streets to confront the forces of public order and with offending the legally established authorities."

This morning, during his testimony before the judge, Bellassai denied all the charges and the trial judge failed to find sufficient grounds to order his imprisonment. Thus, the judge decided to order his release and sent a note to the penitentiary.

This morning, Criminal Judge Edgar Ruben Stanley ordered that Benjamin Libieres Plano be released from prison.

CHAMBER OF DEPUTIES APPROVES FULL STOP BILL

PY221133 Paris AFP in Spanish 1055 GMT 22 Dec 86

[Text] Montevideo, 22 Dec (AFP) -- The Uruguayan Chamber of Deputies this morning approved a bill which establishes a full stop to the investigations into human rights violations committed during the military regime.

The bill, which was approved yesterday by the Senate, establishes a full stop to any punitive action by the state against crimes committed before 1 March 1985 by members of the Armed Forces, Police Force, or by persons who were co-opted by the government.

MLN-Tupamaros Condemn Approval

PY230121 Paris AFP in Spanish 1954 GMT 22 Dec 86

[Text] Montevideo, 22 Dec (AFP) -- According to a statement issued today by the National Liberation Movement-Tupamaros Faction [MLN-Tupamaros], the approval of the law that brings a full stop to the examination of human rights violations has strengthened the political power of the military in Uruguay.

In the statement issued a few hours after congress approved the law, the former guerrillas stated that the only alternative left to them is that of the struggle. The Tupamaros have called for a popular mobilization capable of repealing the law by collecting the 500,000 signatures which will force it to be submitted to a plebiscite.

According to the MLN-Tupamaros, the approval of the law, which basically abolishes the state's intention to punish those involved in human rights violations, shows that (military) blackmail has existed and it was just confirmed today. Thus, the people's sovereign wish is treated disrespectfully the Tupamaros movement stated.

The Tupamaros gained notoriety in the 1960's while acting as urban guerrillas, but their organization was disbanded by the Armed Forces in 1972, shortly before the coup d'etat that dissolved congress. The guerrilla leaders regained their freedom, some after more than a decade of imprisonment, when the new democratic regime was installed in the country on 1 March 1985.

Demonstrators Protest

PY250118 Madrid EFE in Spanish 0241 24 Dec 86

[Excerpt] Montevideo, 23 Dec (EFE) -- Thousands of people today held a demonstration in downtown Montevideo to protest the Full Stop Law. This law, which was approved by congress yesterday, suspends the trials of military officers charged with acts of repression.

The demonstrators also voiced their solidarity with former leftist senator Jose German Araujo who was expelled from the Senate at dawn by his fellow legislators. Araujo was charged with instigating the incidents that took plce in front of the Legislative Palace at dawn on Sunday, 21 December.

The demonstration was organized by the Interunion Workers Plenum-National Workers Convention (PIT-CNT) -- the main labor union of the country -- the member parties of the leftist coalition Broad Front, and organizations that defend human rights.

The demonstrators marched along the 18 de July Avenue, the main avenue in Montevideo, and gathered at the obelisk plaza. The organizers repeatedly urged the demonstrators to march and disperse in a peaceful manner. One of the most chanted slogans said: "Now, now it is necessary for the missing to appear and the guilty to be punished." Among the people carrying flags of the Broad Front and the leftist parties and posters against the Full Stop law were many people carrying photographs of Araujo with the inscription: "Senator of the people." members of the organization of mothers and relatives of arrested-"missing" carried pictures of the missing relatives.

Yesterday, President Julio Maria Sanguinetti enacted a law decreeing the discontinuance of the legal actions against the military men and policemen who committed crimes for political reasons or in fulfilling their duties. [passage omitted]

Armed Forces Situation 'Normal'

PY261247 Montevideo Radio Carve in Spanish 0930 GMT 26 Dec 86

[Text] Defense Minister Juan Vicente Charino has said that the situation within the Armed Forces is normal, adding that even though the military is neither nervous nor apprehensive, it is not indifferent to the situation in our country, which he referred to as very complex. The minister said that in no way can the tranquillity of the country be upset by the uneasiness of some military sectors. Chiarino stressed that he is aware of what is happening within the armed forces and that he is closely following the events within the sector.

Demonstrators Attack Senator

PY280152 Paris AFP in Spanish 2349 GMT 27 Dec 86

[Text] Montevideo, 27 Dec (AFP) -- Senator Juan Raul Ferreira, of the centrist and opposition National Party, was attacked last night by some 50 demonstrators as he was driving his car. The demonstrators were protesting the Full Stop Law on human rights violations.

Ferreira today said that when he stopped his car yesterday at the intersection of two streets, a few dozen militants surrounded the car and began pounding it. They also threw two bombs at him. He said that the demonstrators, who distributed pamphlets demanding justice for the military accused of crimes against mankind, dispersed after the bomb exploded.

The senator, who is the son of the top National Party leader Wilson Ferreira Aldunate, said that his car was damaged but that he suffered no injuries.

Most of the congressmen of the National Party and all those of the ruling Colorado (Liberal) Party voted on Monday, 22 December for a law that put a full stop to prosecutions of military and police officers accused of violating human rights. The Broad Front leftist coalition voted against the bill.

OIL PRODUCTION CUT TO ALIGN WITH OPEC GOALS

PA230350 Caracas Television Service in Spanish 0000 GMT 23 Dec 86

[Report by Diana Iturriza]

[Text] One of the most important points discussed today by Energy and Mines Minister Arturo Hernandez Grisanti during a news conference is that, folllowing many discussions and negotiations throughout the years, the OPEC member-countries have finally managed to agree on cuts in crude oil production and established the price per barrel at $18.00.

According to Hernandez Grisanti, the achievements attained during the last meeting confirm and consolidate a new internal political relationship in each and every one of the OPEC member-countries. He also termed important the resolutions adopted among the nations, because these confirm an important change in some of the countries' positions and reassert OPEC's right to establish a price system and influence the markets.

[Begin Hernandez Grisanti recording] We have decided to return to the fixed price system, which gives OPEC influence in the oil market. Likewise, we have made a decision that will initially last 1 year. Although we have publicly established price ceilings for the first second quarters, we also have provisional limits for the third and fourth quarters, and we can eventually change them during the meeting in June. [end recording]

Consequently, Venezuela will have a production of 1,495,000 barrels of crude oil per day during the first semester. Despite this cut, the Energy and Mines Ministry is convinced that it will be compensated by the increase in prices, thus raising the fiscal revenues next year.

In any case, Energy and Mines Minister Arturo Hernandez Grisanti announced that they [OPEC] must wait until 25 June 1987, when the next OPEC meeting will be held, to evaluate the results of this agreement and decide whether to keep or reduce the production limits.

PRESIDENT ON ECONOMIC CRISIS, SOCIAL IMPLICATIONS

PA232136 Mexico City EL NACIONAL in Spanish 21 Dec 86 pp 4, 5

[First of four part "exclusive" interview with President Miguel de la Madrid by EL NACIONAL director Mario Ezcurdia at Los Pinos Presidential Residence in Mexico City]

[Excerpts] [Passage omitted] [Ezcurdia] Is there any particular circumstance that has allowed us to dodge the economic crisis without basically affecting the Mexican political system?

[De la Madrid] The government of the republic has approached the crisis we are experiencing, which has serious and painful consequences, with priorities that are both realistic and popular. To resort to economic fictions which maintain satisfactory indicator levels that are not supported by our economic results, in the end, has the most serious consequences for the people's interests.

However, the fact that we are realistic does not mean that we are abandoning the main principles of our political philosophy. We have emphasized the improvement of the material, cultural, economic, and social conditions of the majority. Education, health, supplies [abasto], employment, and housing have received the priority attention they deserve. Consequently, we have taken a combative approach to the crisis, always taking the people's interest into account.

An essential factor in waging the hard battle against the economic crisis has been our institutional system. I am referring to the group of political, social, economic, and cultural institutions that bring the Mexican society together and have conditioned this society to face up to good and bad times. They have given this society an ability to analyze, discuss, decide, and take action. The crisis has not paralyzed us. We are a strong and active nation.

An organized society that is determined to renew itself and to continue to be viable, informed, free, and dynamic, with its basic needs met, is capable of facing the crisis with strength and stability. [passage omitted]

[Ezcurdia] What is Mexico's future? I am not referring to the more or less immediate future. I am referring to the ideal goal, to our national aspirations. Where are we heading? In your opinion, what kind of society should our country seek?

[De la Madrid] I feel that our people are the true makers of our history. It has been the Mexican people who have established the path and national goals. Since the war of independence they have set out to attain and preserve national sovereignty. They have tried to build an independent, free, peaceful, and productive nation. From its origins, the Mexican nation has stubbornly sought to build an equal society and a society of free men.

The liberal republic in which human rights and liberties are respected and in which the exercise of power is controlled by law is a basic ideal of the Mexican people. However, social justice -- in other words, the people's access to education, employment, health, housing, entertainment, a good standard of living, and the welfare of all -- is a basic aspiration of the Mexican nation.

Therefore, the society that the Mexicans want is an independent one of free men, meaning a pluralistic society. It is a society guided by national sovereignty, the demands for social justice, the welfare of the majority, and, of course, the demands for freedom. It is, then, a society with a mixed economy in which the private and public sectors come together to serve the majority. It is a society based on the law and made up of free citizens. In other words, it is a democracy that is constantly trying to improve itself.

Therefore, there is no set model of the society we want. On the contrary, we seek a society in which liberty, creativity, and solidarity, as well as general welfare and justice are the norm. [passage omitted]

[Ezcurdia] Another important topic of discussion was the country's decentralization. It is an urgent need, indeed, but it is something difficult to attain in a country that has spent centuries trying to become centralized. Have we made any progress in this direction?

[De la Madrid] Regarding the country's decentralization, I think that we have succeeded in accomplishing a great deal, for example, the municipal reform that I proposed and the strengthening of the state governments, to which we have given increasing support and with which we have been increasingly coordinating other actions. Undoubtedly, state governments in Mexico are much more important now than they were 10, 20, or 30 years ago, when we had a much more centralized government.

I believe that we have also made efforts to attain the country's economic decentralization. All throughout the country we can see that cities and regions have a new vitality. This phenomenon did not appear with our government; it began earlier. We simply tried to promote and develop it.

I think that the decentralization programs for public administration have been very important as well. Specifically, the decentralization of the health sector shows the advances that we have made in this area.

[Ezcurdia] A true aspiration is that of attaining an egalitarian society. However, the crisis came down on us. Despite that, have we made any advances in this area during the first 4 years of your 6-year presidential term?

[De la Madrid] Regarding the egalitarian society, I must admit that the economic crisis has prevented us from making any significant advances. It is very difficult to make any advances of this kind during such an economic crisis. What we have done is to try to alleviate the social effects of the economic crisis by maintaining the well-being of large sectors of the population as a priority: for example, by supporting the popular supply services, the educational system, the national health system, and housing programs. I think that all those programs have somehow alleviated the harmful effects that the economic crisis has undeniably had on our society. [paragraph continues]

In this regard, we hope to recover firm and healthy bases for a sustained development that generates more jobs and permits effective policies for implementing a better income distribution. [passage omitted]

[Ezcurdia] You have said that Mexicans are determined to struggle ceaselessly for the defense and strengthening of our sovereignty. What characteristics should that struggle have at present? How and by what means has your government continued to defend the nation's sovereignty?

[De la Madrid] My entire government's policy is inspired by the defense and strengthening of our sovereignty. The educational, cultural, and social communication programs, as well as those that improve and promote our economy, are inspired by that objective. We are struggling to attain an economy that can become the most solid base for a sovereign nation. Within the national development plan, my government has included several specific programs particularly related to that objective. Above all, we have made great efforts to strengthen the institutions that direct Mexico's destiny. [passage omitted]

The Strategy of Structural Change [subhead]

[Ezcurdia] During your campaign you said that structural changes were going to be made in the government's general strategy. In other words, you announced a thorough modification of some aspects of our national life. How do you define this essential change?

[De la Madrid] Structural change is one of the two strategies included in the national development plan. It is basically a complete transformation of the Mexican economy which will serve to eliminate the basic problems that affect our systems of production and distribution. These structural problems are evident mainly in our low productivity and the unfair distribution of the benefits of our economic growth. These problems are the major obstacles for our development, because as long as they exist, we will never live in a fairer society. For this reason, we have decided to act with determination in resolving those problems.

[Ezcurdia] In what sectors of our economy do you think we have made changes already?

[De la Madrid] Although we must bear in mind that because of their magnitude and complexity, thoroughly resolving the country's structural problems is neither an easy nor an immediate task, we must point out that we have already made some important structural changes in several areas, which are beginning to bear fruit in several economic indicators. For example, the structural reform designed to improve and strengthen the finances of the public sector has made considerable progress. The number of public entities decreased from the 1,155 at the beginning of this administration to the current 680. The entities that have been eliminated did not have any priority or strategic importance according to the Constitution, and their elimination has allowed us to strengthen the areas that are of priority or strategic importance. Likewise, the structural reform in the public sector has entailed both changes in the public sector and retargeting of expenditures in non-basic activities toward those areas that have greater economic and social priority. Important structural changes have also been made to support public revenue and to promote taxation that is more socially just and more economically efficient. In this way, a more active policy of setting prices and tariffs has been established which eliminates unjustified distortions and subsidies, while ensuring that justified subsidies will reach the people in the lower income bracket.

[Ezcurdia] The public sector is therefore carrying out structural change. Could the same be said of the private sector?

[De la Madrid] We have also made important progress in the structural reform proposed to increase the international competitiveness of the national productive sector. This is the result of a realistic exchange policy, reforms to trade policy, the simplification of administrative procedures regarding foreign trade, and the new programs and mechanisms for the promotion of exports. From 1982 to 1985, non-petroleum exports increased by 50 percent, and have increased by an annual rate of over 30 percent so far in 1986, with increases in both the fields of manufactured products and agricultural products. In the manufacturing sector, there is more orientation toward production for exports. The export/production ratio increased from 3.8 percent in 1982 to 9.6 percent in the second quarter of this year. Mexican manufactured products have been recently sold very successfully abroad, including products such as beer, toys, glass products automobiles, and automobile parts, all of which show that Mexican industry can compete on the international level.

To summarize: Promoting the strategy of structural change allows us to increase the overall productivity of our economy, which in turn establishes the bases for a gradual but continuous improvement in social well-being and a better distribution of revenue among the different income levels. In this regard, the high priority assigned to social expenses has allowed increasing coverage and improved quality in education and social security services. Likewise, this administration has begun educational reform to increase the levels of coverage and quality of education in the country, which will be an important instrument to promote structural change at a social level.

[Ezcurdia] What are your plans for structural changes for the next 2 years?

[De la Madrid] In the next years, Mexico will definitely increase structural change by strengthening and redirecting the strategic and priority areas of the public sector, by continuing the disincorporation [desincorporacion] of public entities not considered of a strategic and priority importance, and by modernizing national industrial plants. Likewise, we will continue to decentralize the national life by strengthening the federal pact and specifically by promoting special housing programs, improving infrastructures in the medium-sized cities, and reducing the high costs of urban concentration.

[Ezcurdia] Will the process of disincorporating the parastate corporations and modifying the remaining public enterprises continue?

[De la Madrid] The reconversion of the priority sectors and entities will increase in 1987, the process of structural changes than began in the cases of Banrural, Fertimex, Sidermex, and the sugar and naval sectors. In addition, an intense reorganization process will be carried out, both in the assets as well as the operation conditions, of Ferronales, Dina [National Diesel], Banpesca, Propemex, Inmecafe [Mexican Coffee Institute], and the science and technology sectors.

In disincorporation, we will intensify the process that was begun and the decisions that were made during 1986. [paragraph continues]

In this manner, the state will withdraw from the fields of chemistry, textile, pharmaceutical, and secondary petrochemical products, whose promotion no longer requires the presence of the state. The resources that have been freed by the disincorporation of these entities will then be channeled to strengthen the basic area for the economic guidance of the state. The goal is to achieve a strategic, compact, and efficient public sector.

In the foreign field, Mexico's entry to GATT and the negotiations to reach an agreement with the IMF and the international financial community in matters of foreign debt are unequivocal expressions of the structural change in the productive processes of the country, and increase its efficiency and improve its competitive nature concerning abroad. In line with these objectives, the exchange and trade policies will continue stimulating the growth and diversification of our exports in 1987.

[Ezcurdia] In the long and medium term, how will those changes affect the life of the Mexican people?

[De la Madrid] In the coming years the structural changes in our economy will be significantly noticable, especially the solution to unemployment. In this way, the changes made to the tariff and price policies, which used to encourage use of fuel and and intensive use of capital, will now generate jobs. The foreign exchange policy, which used to encourage the import of capital goods and foreign items, will now encourage the use of national items and will promote the creation of jobs. This has happened to other policies. Therefore, in 1987, because a growth in investment and production has been predicted, there will be more jobs for every peso invested and for every item that is produced.

In general, in the coming 2 years, we have to restore the basis of our economic system to adapt to the new international situation and the new domestic reality. The changes made in the last 4 years started in the right direction. Regarding the public sector, the productive sector, and the efficient relation with the world market, the structural changes signify modernization, and contribute to improve our economy and to make it more efficient and equitable.

[Ezcurdia] How could Mexican citizens contribute to attaining those structural changes?

[De la Madrid] The complexity that the Mexican society has reached requires renewed ways to practice politics. At present, Mexico has a very large and diverse middle class, a modern, organized, and complex labor movement, as well as a peasant movement very concerned with increasing its productivity and improving its well-being. In the coming years we have the task of finding means of participation that are new, modern, efficient, and quick.

The middle class wishes to have greater participation in the solution to problems that affect it daily, like public services, public security, ecology, transportation, and traffic, among others.

The importance of the middle class increases daily. There are an increasing number of political candidates who come from the middle class, and they have been occupying an increasing number of public offices. One can no longer offer traditional solutions to the middle class. We must look for an increasing participation of this group in national life.

Compared to the previous decades, we now have a more complex and organized labor movement. Its own leaders and ranks struggle to achieve more modern forms of labor union organization that can protect the workers' wages, not only through nominal wage increases, but also through benefits, productivity agreements, and a greater distribution of profits. The government, fully respecting the labor movement's autonomy, institutionally supports its legitimate demands.

The peasants' movement and the country's needs demand greater production and a higher standard of living. The true objective is not only to be given land but assistance in the organization of production. This is the reason behind the overall rural development policy.

It is natural that, day by day, there is increasingly less land to be given to peasants. This does not mean, however, that there are political, historical, or economic reasons to justify the disappearance of common lands, as some groups wish, or the elimination of small estates, as others demand. Our agrarian structure has proven effective. This is shown by the results of the food program and the volume of crops. The state understands the agrarian reform not as an obligation which concludes with the distribution of land, but as close and permanent cooperation between peasants and institutions to strengthen rural organization, ensure production and the supply of food, and improve the peasants' living conditions. In the final account, this is why, even in view of a severe shortage of financial resources, these resources still flow permanently and on time. This is also why we have kept striving for an ever better institutional coordination in agricultural matters. An important part of this policy is to improve small states through the effective organization of producers.

LEFTISTS DISCUSSING UNIFICATION FOR 1988

FL270200 Mexico City NOTIMEX in Spanish 0153 GMT 27 Dec 86

[Text] Mexico City, 26 Dec (NOTIMEX) -- The Mexican left hopes to become the country's second political force in the 1988 federal election, according to Deputy Eduardo Valle Espinosa, parliamentary coordinator of the opposition Mexican Workers Party (PMT).

He said that plans include the unification of several leftist groups, to be finalized in February. He pointed out that for the time being this new political group has no name, but that an understanding had been reached concerning the line they are to follow. He stated that talks among the five leftist political groups are continuing with the aim of setting up a Mexican socialist party.

Concerning the 1988 presidential elections, Valle Espinosa said that the candidate nominated by the left would have to conduct an in-depth campaign in order to learn first-hand about the problems affecting the people of the country's various regions.

BRIEFS

NEW ENVOY FROM TURKEY -- Eanju Uleen, the new Turkish ambassador to Mexico, arrived in Mexico City yesterday. Uleen will replace Ahmet Asum Akyamac, who ceased being the Turkish ambassador to Mexico on 24 December. [Summary] [Mexico City UNOMASUNO in Spanish 27 Dec 86 p 9 PA]

COSTA RICA

ARIAS DISCUSSES NEUTRALITY, RESTORATION OF ARMY

PA301805 San Jose Radio Reloj in Spanish 1200 GMT 30 Dec 86

[Text] Costa Rican President Oscar Arias Sanchez has said that if we get our country involved in the Central American conflict, we would be forced to restore the army that was abolished 38 years ago.

President Arias reiterated that there are several sectors in the country that disagree with the neutrality policy. Those same sectors would be happy to see the Nicaraguan counterrevolutionaries operate in Costa Rica as they do in Honduras, Arias said.

Arias said that if Costa Rica has to restore its army, the resources to acquire weapons would be taken from the funds earmarked for the health and education sectors. Arias Sanchez added that such a situation would stop the nation's economic development, as is happening in all Central American countries.

Regarding questions on his foreign policy, President Oscar Arias said that Costa Rica must maintain peace and civility. He said that those values are the best heritage of a country that exerts all its efforts to give water, roads, electricity, health, education, and other services to its population.

Finally, Arias reiterated that the efforts mentioned above have made Costa Rica into what it is today.

MADRIGAL SAYS NICARAGUA MUST CHANGE ATTITUDE

PA301712 San Jose Radio Reloj in Spanish 1200 GMT 30 Dec 86

[Text] A negotiation between the Sandinists regime and Nicaraguan political parties and the armed opposition is necessary to attain a peaceful resolution to the Nicaraguan conflict, Costa Rican Foreign Minister Rodrigo Madrigal Nieto has said.

It is evident that Nicaragua is experiencing an internal political, military conflict. Therefore, the sole way to achieve a resolution is through the dialogue; otherwise, the conflict will continue.

Madrigal Nieto reiterated that Costa Rica is one of the countries that is most affected by the Nicaraguan internal conflict, because groups of Nicaraguans fleeing from their country due to the lack of normal living conditions arrive in Costa Rica every day.

A change in the Nicaraguan Sandinist regime's attitude is essential to achieve peace in our region, Madrigal Nieto added. He said that the suit presented by Nicaragua against our country and against Honduras at the ICJ disregards the mediating efforts that the Contadora Group has been making, because to resort to the ICJ is to take the resolution of the regional conflict away from our area. Therefore, if we want to reach an agreement through the Contadora Group, Nicaragua must change its attitude.

POLICE DISCOVER 24 CANNON SHELLS AT BORDER

PA302252 San Jose LA NACION in Spanish 23 Dec 86 p 10A

[Text] The Rural Police have seized 24 82-MM cannon shells near the Banderas Farm in Pocosol, approximately 15 km from the Nicaraguan border.

Although nobody was arrested, an informant led the authorities to a "cache" where the armament was stored. Deputy Government Minister Alvaro Ramos said that the war materiel, which is Czechoslovak- and Soviet-made, is in perfect condition.

Experts in these kinds of devices said that each shell is worth $5,000 on the black market. The discovery was made as part of search operations being carried out by the rural Police (GAR) and the Intelligence and Security Directorate (DIS) to fight gunrunning along the northern border.

Ramos said the shells are similar to those used by the EPS, but he did not specify whether they had belonged to such forces, nor did he rule out that they had come from Nicaragua territory. He explained that these weapons are very sophisticated and powerful and that such weapons have never been used in our country. Ramos Chose to withhold other reports already in hand, because more armament seizures are expected in the country's northern area.

GAR Director Colonel Antonio Espinoza said that our country has been used for many years in gunrunning operations and those shells are part of the transshipment. He said that investigations led to the seizure of machineguns from Nicaragua that were being sold at 10 colones each in the northern area.

Four individuals were captured near Cacho Negro Hill on Sunday, 7 December, carrying what was described as war weapons. That case is being handled by the court of arraignments in Heredia, which has jurisdiction.

As for the cannon shells, if there are any arrests the file will be transferred to the San Carlos Court. In both cases, the material involved is described as war weapons, thus its possession is prohibited by the Weapons Law.

EL SALVADOR

REBELS KILL 16 SOLDIERS IN SAN VICENTE ATTACK

PA301625 San Salvador Canal Doce Television in Spanish 0300 GMT 30 Dec 86

[Text] Rebels attacked an Army position on the outskirts of San Esteban Catarina, in San Vicente Department, killing 16 soldiers and wounding 13 others, according to official reports and civilian sources.

Sources in San Esteban Catarina said that the rebel attack began at approximately 0100 and ended at approximately 0430. They reported that rifle and mortar fire was directed against the Army position on Las Delicias Hill. Twelve of the 16 soldiers who were killed during the heavy attack were identified by the authorities in San Vicente, where they were taken by air. Although the sources did not state the number of wounded in the clash, they said that these were very numerous.

Meanwhile, Coprefa revealed today at noon that 8 [figure as heard] soldiers were killed and 13 wounded during that attack, and claimed many casualties among the rebel ranks.

The official report indicates that units of the 5th Brigade reinforced the position and began a large-scale search operation to track the rebels down.

Five Rebels Killed

PA310024 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 30 Dec 86

[Text] This is a report direct from Coprefa. Five civilians have been murdered by terrorist in various places in the country. The victims have been identified as Anselmo Suira Hidalgo, Antonio Arias, Miguel Angel Aquino, Isabel Aviles Collado, and Leonel Martinez. Suira Hidalgo was taken out of his home and later murdered at the square in Ayutepeque Canton, Chalchuapa Jurisdiction, Santa Ana Department. Arias was killed in Buena Vista, San Miguel Jurisdiction. Aquino and Aviles Collado were killed in Pululuya, Oratoria de Concepcion, Cuscatlan Department. Martinez was murdered near Cerro El Pedernal, Jocoro Jurisdiction, Morazan Department.

As a result of various clashes betwen soldiers and FMLN members, five rebels were killed and three wounded. Three M16 rifles along with ammunition clips and ammunition were confiscated by government forces. Two extremists were killed in a clash with 5th Infantry Brigade troops near Amatequito, Tecoluca, San Vicente Department. As the result of the action, soldiers seized two fully equipped M16 rifles. Another subversive was killed and three others wounded in a clash with 1st Infantry Brigade members near El Bonete, Guazapa, north of San Salvador. An M16 rifle, ammunition clips, and ammunition were confiscated. Two other FMLN members died when the troops formed up and clashed with another group of subversives who were active near El Carrizal, San Simon, Morazan Department.

DUARTE EVALUATES 1986, GIVES OUTLOOK FOR 1987

PA301549 San Salvador Canal Doce Television in Spanish 0300 GMT 30 Dec 86

[Interview with President Jose Napoleon Duarte by Alfredo Villarreal; place and date not given -- broadcast in progress; recorded]

[Text] [Duarte]... [words indistinct] of these three elements. No one can deny the progress that the country's democratic process has made. That is perhaps the most important step taken by the nation in at least the past 50 years. This democratic process is a historic landmark. It has allowed the country's various sectors to express their beliefs. The fear that existed when an opinion was voiced has diminished. People can complain without running risks. Political and social pluralism to consolidate democracy have been achieved.

Second, the "United To Reconstruct" and "Road to Peace" programs have continued to prosper. Also important is the fact that we have lived through perhaps the most difficult year for our country without upheavals like those that happen in other parts of the world.

We see on television that all over the world -- in France, Iraq, Beirut, Afghanistan, and even the United States, and Mexico, several days ago, and in South America -- there are social upheavals that end in confrontation between the masses full of hate and rancor and the authorities. During these demonstrations, people are killed, buses are burned, and businesses are destroyed and looted. This has not happened in El Salvador during the 2 years that I have been in power, or during 1986, which you are asking me about.

[Villarreal] What do you see in store for El Salvador in 1987?

[Duarte] It must be understood that these three phenomena have left a sequel of damage and will continue to cause problems. The economy will not improve in 1987. The price of coffee has dropped to truly alarming levels. I said that there was an economic problems last year, when the price of coffee was $195 per quintal. It is currently at $134 per quintal. This implies revenue losses of between $200 million and $300 million. This equals all the assistance that the United States gives us. This is a serious situation. In economic terms, we will attempt to face it with faith that understanding and unity among the various sectors of society will help us produce more and satisfy the people's needs.

Agriculture will improve because I believe that the basic grains harvest will be better. The coffee harvest will be a bit bigger, despite lower prices. I believe that the cotton harvest will be bigger, but the sugarcane harvest will remain unchanged. Therefore, basic products will be produced at current levels. I expect our revenues from national production to grow this year.

NICARAGUA

RADIO CALLS U.S.-HONDURAN MANEUVERS 'PROVOCATIVE'

PA301226 Managua Domestic Service in Spanish 0300 GMT 30 Dec 86

[Text] Honduran and U.S. Army forces today initiated the first phase of military maneuvers to be carried out in a region bordering Nicaragua. The maneuvers have been called "Ahuas Tara 87."

The first phase includes engineering training. It will last until April 1987. Two U.S. battalions and 150 men from Honduras' 1st Engineering Battalion will participate in this first phase.

The second phase will begin in mid-April. It entails military training. For the duration of these provocative exercises, direct control of these forces will be under [Joint Task Force] Bravo with headquarters at Palmerola Air Force Base.

This is the third "Ahuas Tara" maneuver. "Ahuas Tara" is Miskito for big pine. In additon to the joint maneuvers that U.S. and Honduran Army forces will carry out as of today in a region bordering Nicaragua, the Pentagon has announced that there will be other maneuvers in Costa Rica and Panama.

In Washington, it has been announced that there will be maneuvers in southwestern Costa Rica and that these maneuvers will involve 250 U.S. engineers who reportedly will build bridges and roads.

Next month, 4,500 U.S. and Panamanian soldiers will hold maneuvers, which have been called annual maneuvers, in Chiriqui Province.

PASTORA SAYS ARDE CHARGES 'MOSTLY POLITICAL'

PA310108 Panama City ACAN in Spanish 1734 GMT 30 Dec 86

[Text] San Jose, 30 Dec (ACAN-EFE) -- Former anti-Sandinist Commander Eden Pastora said here that in January he would probably initiate the reorganization of ARDE to continue its political struggle against the Nicaraguan Government.

ARDE, formerly led by Pastora, disappeared when several of its zone commanders abandoned the organization and joined the forces of Nicaraguan Opposition Unity, UNO.

Pastora, who ended his 3-year armed struggle against the Sandinist government in the south of Nicaragua in May, entered Costa Rican territory with some of his loyal followers and requested political asylum.

Pastora, the former Commander Zero during the anti-Somozist war and deputy security minister early in the Sandinist regime, said: "We will reorganize ARDE with free and independent members in January, when certain political conditions, which we are not striving to achieve, occur."

Pastora pointed out that he will reorganize ARDE with men possessing "an independent mind who have been able to maintain their political independence as the result of a firm ideological conviction."

He added: "An alliance of patriots who do not sell or hire themselves to CIA, men who want to recover the original revolution of us Nicaraguans."

After saying that "the contras no longer exist for all practical purposes," Pastora said that the reorganization will be "most political".

Referring to the UNO, the leading armed anti-Sandinist organization and financed by the United States, he said: "All, but chiefly the Nicaraguans, have realized the deception, division, and corruption and all the evils brought about by those who have gotten rich at the expense of war."

The former ARDE military leader insisted that he will continue to abide by Costa Rican law and will respect its neutrality. This is why he does not plan on executing armed actions from this country, but rather on carrying out political activities as permitted by law.

CASTRO ADDRESSES 11TH ANPP ASSEMBLY 26 DEC

FL271400 Havana Television Service in Spanish 0132 GMT 27 Dec 86

[Remarks by Commander in Chief Fidel Castro Ruz, first secretary of the Communist Party of Cuba Central Committee and president of the Councils of State and Ministers, "during the discussion and approval of the single socioeconomic development plan and state budget for 1987" at the 11th regular period of sessions of the National Assembly of the People's Government, ANPP, on 26 December -- recorded]

[Text] Comrades, I would first like to clear up a point about the deficit. Our deficit is bigger. It is not 115 million. What happened was that one adds the credits to the income that we received from socialist countries, basically the Soviet Union. These are annual credits for investments and various other needs. These credits are added to the income and that is why they reduce the deficit. But the real deficit, the difference between the country's income and expenditures, is bigger. So although the deficit is relatively small, that does not make less important the effort to augment revenues and reduce the deficit and obtain a surplus. Its magnitude without those revenues would be much greater.

Now, although the things that our fellow deputies are discussing are important, without a doubt, I feel that we should not allow the debate to continue in this direction, because we could get the impression even if only for a few minutes that the problems are much simpler than they really are, and much easier to solve than they really are. Would that our problems were that simple!

If they depended, if they consisted of the points that the fellow deputies have brought up -- expenses here, underutilization or waste there. All these things are important. But they are not broaching -- and I cannot blame them -- the fundamental problem. We cannot deduce from Comrade (Lupito)'s words what the fundamental problems are, although he did hint at them, he referred to the difficulties the economy faces. I believe that the most important thing for the country in 1987, and possibly in a more extended period of time, is basically this economic problem, the vital, fundamental issue. The difficulties we have to face derive from circumstances and factors, not only subjective ones, but in this case fundamentally objective ones that have cropped up, complicating the country's economic development.

In 1986, when the congress took place, our country drafted a plan that was rational enough. In 1984, early 1985, the central group had been organized, radical changes had occurred in methodology -- to use an oft-used work -- in drafting the plan. All the ministries had broad participation in the preparation of the plan, as did the people's governments. Before, the plan had been drafted by the board, it came down, it was discussed group by group in terms of the resources they were requesting, the plans that they wanted to carry out, and the resources assigned to them. With the new method, all the organs and factors were given the opportunity to participate in the drafting of the plans through the year. This way much greater cooperation and participation were elicited and a more rational plan was achieved. Therefore, the 1986 plan was drafted in these circumtances. In 1985, the plan worked on in 1984 had to be redrafted. A new plan had to be made adapting it to the realities in terms of external finances, especially the realities in terms of convertible foreign exchange, since imports were around $1.5 billion in 1984. Goods from the West.

In truth, we spent more that year than we could afford to, and we found at the end of 1984 that we had to have a more reduced plan, and not only a more reduced plan but a plan that would help to increase exports in convertible foreign exchange. We concluded at that time that we had to increase exports within the next 4 or 5 years by no less than $500 million to convertible areas, since it was felt that even $1.2 billion in imports strongly limited the development of certain products and the meeting of certain needs in our country.

Even so, when the plan was drafted, oil cost around $29 the barrel. The devaluation of the dollar had still not come about. It affected us indirectly in the form we have explained. The hurricane had not occurred when that plan was drafted. The drought we had. The hurricane came on top of the drought. The facts were that when the plan was drafted, based on imports from the convertible area amounting to $1.2 billion, some of these factors, which turned out to be decisive, were not part of the picture.

Around the time of the congress, after the congress, there was an abrupt drop in the price of oil, practically by half. This affected us considerably because the exports, or reexports of fuel -- basically reexports and some exports -- of our production had become one of the most important sources of foreign exchange for our country. So, that abrupt fall in imports [as heard] deprived us of an income of around $300 million out of the $1.2 billion that we had counted on. We were counting on an income, imports of $1.2 billion. Around that same time, there was a sudden devaluation of the dollar. These are mechanisms used by the capitalist countries, imperialism, precisely to finance their rearmament. The dollar was overvalued. It paid very high interests. It was a mechanism that brought interests up, that considerably affected Third World countries, Latin American countries to a very large degree. They had to pay very high interests on their foreign debt.

Through this mechanism, imperialism obtained very large quantities of money. Many countries affected by the devaluation, or rather affected by inflation, deposited their money in American banks to earn high interests. This caused many complaints among the debtors and caused complaints even from the capitalist allies of imperialism. In the end, and this is something that we had talked about, the United States had received large loans, or large transfers of money, expensive money. In the end they were going to pay with cheap money. In fact, in many aspects, the devaluation of the dollar was benefitting a number of countries, because what they bought in the United States they could buy at a reduced price. They could acquire dollars, that is, if they exported to certain countries -- Japan, Europe -- they could later acquire the dollar more cheaply and they benefitted when they got their imports which came from the United States.

In Cuba's case, as a consequence of the blockade that prevents trade with the United States and forces trade in the West with a small number of countries, the devaluation of the dollar paradoxically had a considerable economic effect on us. Instead of buying products more cheaply had we been able to trade with the United States, we had to pay more dearly that which we imported from the capitalist countries: Japan, the FRG, Switzerland, any of those countries. Let us remember that when the dollar was devalued, the cost or price of the yen rose. If sugar was at 6 cents, for example, we had an amount of money -- because it's 6 dollar cents -- we found when bought in Japan that the yen had risen 30 or 40 percent. Therefore, what cost us $100 before the devaluation now cost $130 or $140 -- any of the imports from that area.

Well, according to our estimates, our expenditures went up $150 million because of the devaluation of the dollar. We are using the dollar as the measure because we cannot really use the peso; we can't make a cocktail of currencies here. If the country had $100 to spend, $100 that came in from its imports, now the country needed $130, $140 to buy the same thing. That was another problem, in addition to the unequal exchange. Unequal exchange consists, as I was saying yesterday, in the fact that sugar costs 6 cents; it costs the same as 30 years ago. And I am using sugar as an example, but the same goes for other exports from Third World countries, and what is purchased cost five or six times more, or at least four times more. So, between the effects of the oil price drop and the increase of the cost of the currency we have to use to pay other Western countries, we were alrady being affected to the tune of $450 million. Add to this the effects of the drought, which had already factored in. But then the hurricane came. Fortunately, we were able to keep the consequences of the hurricane to a minimum because of the excellent job done by our sugarcane workers, when they tried to cut cane that was bent, broken, and even twisted by the hurricane in mnay provinces that were of great importance to the country's sugar industry. Damage was kept at some 250,000. In practice it could have been more, because the end-of-year rains could have increased, and were already increasing, the supply of sugarcane or the estimates of sugarcane. It could be that the hurricane might have finally affected us to the tune of some 400,000 to 500,000 tons. After all, in 1985, which was a dry year, some rain fell in the last quarter on important areas.

In short, we found that our income plan was reduced by around $500 million. When the income from convertible foreign exchange dropped in such a large amount, for the first time in 27 years our country could not meet its international commitments. The debt had already been renegotiated. We were not paying capital but interests. As a consequence of this abrupt fall in our income we saw ourselves for the first time in 27 years suspending international financial obligations. That, of course, was a complicated, difficult situation. It caused a new renegotiation of the debt in difficult conditions. Above all it caused complications in regard to the credits that the country normally obtained when it was short of covertible currency to meet some essential economic needs.

That reduction of income in convertible foreign exchange looked worse in 1987 [as heard]. Despite this difficulty, 1986 passed rather normally. But the time had come to prepare the 1987 plan. Contrary to 1986, we could not draft a plan based on imports from covertible areas of $1.2 billion. If at the end of 1984, we considered it imperative to increase our exports by $500 million within a period no greater than 5 years, the reality we were facing in 1986 and 1987 was that income in covertible currency would be reduced in around $500 million each one of those years. And if $1.2 billion had been considered the absolute minimum for the economy earlier, we now saw ourselves forrced to think very realistically and to perform what could be called almost a miracle.

What was that? A plan with only $600 or $650 million in imports from the convertible area. Therefore, the central group, the planning board, the party and state leaders saw ourselves in the situation of having to find a solution to this problem. And the solution could not come from outside. Some of the factors that affected us also considerably affected the foreign exchange income of the Soviet Union -- to a considerable degree, because they export large amounts of oil and gas. We do not belong to the International Monetary Fund, the World Bank, or any one of those international credit organizations controlled by imperialism.

Could we ask them for loans in convertible foreign exchange to face this situation? And our closest friends at the same time were considerably affected, as for instance, the Soviet Union, because of the same problem. We could not think of finding solutions abroad. For many years, when the price of sugar plummeted to 3.5 or 4 cents, we had credits. That is precisely the source of the foreign debt in convertible currency. Apparently nothing had happened. Sugar was at 4 cents. Convertible income was very much affected. But everything remained the same in our country. Our income, our consumption was not affected. On the contrary, income and consumption increased.

The same thing happened to a large number of Latin American countries, even countries that had enormous income from oil exports, for instance. Even though they had enormous incomes they were affected by the debt, since everything they imported increased in price, and the other products that the majority of the non-oil exporting countries sold were affected by international prices as well. The social and economic situation in those countries was truly terrible. Our country had to solve this problem with its own efforts, its own resources, and especially with its own sacrifices.

Some people were discouraged with these difficulties. Discouragement and defeatism are the only thing that has no room in the minds and hearts of revolutionaries. [applause] Not even in the most difficult of times did revolutionaries admit to discouragement. Revolutionaries must adopt suitable measures when faced with each situation. Therefore, we had to make do with our plan to import from convertible areas reduced to half the minimum that we had previously considered indispensable.

There were periods, even with lower prices, when those imports rose to $1.5 or $1.6 billion. And we undertook that task, the drafting of the plan, to know specifically what the effects would be. We were determined to deal with the necessary effects but we wanted to know them with plenty of time, so that this kind of problem would not catch us by surprise. Those were the circumstances in which the plan was drafted, the economic plan that was read in a few minutes.

We tried to have a plan that would not first of all sacrifice the country's development. How to face this situation without affecting the country's development? How at the same time to affect public consumption as little as possible? We were basing ourselves on certain premises.

The plan was drafted this way, but not without effects. There are effects. Again in 1987 we have the same circumstances of 1986. We will have some $300 million less from reexport and export of fuel. Of course, the possibilities of exporting fuel stemmed from a considerable effort made to save fuel. Without that effort, the fuel would have been spent as it had been in the past. Take the sugar industry. Each year it spent half a million tons of fuel to produce 5 or 6 million tons of sugar. Our sugar production was exceeding 7 million -- that is, 50 percent more. And yet, we had been able to reduce to zero the amount of fuel used to produce raw sugar in our mills. Our administrators in the past had not worried about the optimal use of bagasse, which was the traditional fuel of the sugar mills, and when there was any difficulty or the boiler pressure went down, they opened the oil valve. Perhaps it would have been fair when speaking about Cienfuegos to recall that it was precisely that province that set the example to follow by reducing to zero the use of oil in the province's sugar mills.

It was in the wake of the Cienfuegos experiment that the method, the policy to reduce or produce fuel extended to the whole country. In fact, the fuel valves were removed in many of the sugar mills and the use of fuel was reduced to zero, except in those sugar mills that have no bagasse because they have to use it for wood or paper and therefore they need some energy. But, consumption was reduced to zero by replacing it with wood, saving the bagasse, creating reserves, and sometimes transferring it from one mill that had more than it needed to others. But these savings of 500,000 tons gives you an idea of how fuel was wasted in our country. We were able to export precisely as a consequence, fundamentally, of that effort, aside from domestic production which has speeded up in recent years and now reaches around 1 million tons.

But those exports were based on a determined income. Now the corresponding incomes had been reduced to half. And no one knows for how long. Maybe when they raise the price again we will no longer have any surplus except what we get from increased local oil production.

Logically, no matter how much we save, development requires the use of fuel. When the Moa enterprise is in full operation, it will use up hundreds of thousands of tons, and so will other industries. Nevertheless, we believe that it is still possible to save more in our use of fuel. Each ton that we save will either help us to obtain additional income in convertible foreign exchange or will allow us to develop plans or make bigger investments there where the limitations of fuel turn into an obstacle for the full development of those plans.

This situation will be repeated in 1987. It might repeat itself in 1988. It cannot be predicted how long these low prices will last in an area that had provisionally become an important source of income for the country. There are still problems in relation to the devaluation of the dollar and an even bigger devaluation could take place to add to the cost of the currency of those countries from which we export capitalist goods.

On top of this, the drought of this year is much worse than the droughts of years past, and much worse than the one of 1985. I asked the Academy of Sciences several weeks ago to keep me informed about the rains. I asked them to collect historic data on the average of rains, and how much it had rained in the past few years, in 1985 and 1986. We were able to find out with some precision how abnormal the rain has been, not only in 1985 and 1986, but since 1981. For 6 years. A rigorous study was carried out by the Academy of Sciences. Data for the last 40 years show interesting comparative figures that our cadres and all people should learn about.

Because in a way we have become used to looking at problems as if they did not exist, to acting as if there were no calamity or problem. This situation has been occurring for 6 years. The Academy of Sciences report says: Analyzing the pattern of accumulated rain nationwide during 1981-1986, rainfall in these years has been below the historic mean. The most critical provinces: Guantanamo, with 57 percent; Santiago de Cuba, with 62 percent; Holguin, with 71 percent; and Matanzas, with 72 percent. I remember in the first years of the revolution, the decade of the sixties, and other periods, that we looked at the rain figures every day. Generally, rain was above the historic mean one year, below the next.

Rainy years alternated with dry years, except in some occasions when we had two consecutive years -- and this happened once or twice in the past -- that were below the historic average. If we use the terms employed in the international bibliography [as heard] to determine the qualitative pattern of a single year or period, in consideration of the percentage of total precipitation in respect to the historic average, the following criteria must be used:

A drought is when the total annual rainfall is equal or less than 85 percent of the mean. In terms of intensity, droughts are classified as: moderate drought, more or less 85 percent; intense drought, less than 75 percent; very intense drought, less than 70 percent of the annual mean. Accordingly, in 1986 our country is experiencing a very intense drought. Of course, these data about the average yearly rainfall do not exactly describe the specific situation, because sometimes it rains in the mountains, and in certain provinces with not too much sugarcane. These could influence the average, and yet the situation in the most important sugarcane areas may be well below the yearly average, the historic average.

So we have that in 1985 the drought was intense, but yearly rainfall was 80 percent of the historic average, with some provinces below that 80 percent, such as Pinar del Rio, Havana, Havana City -- rain doesn't matter so much in Havana City -- Matanzas, 68 percent; Holguin, 73 percent; Santiago de Cuba, 60 percent; Guantanamo, 47 percent; Isle of Youth, 76 percent. Now what has been the rain pattern this year? For the second consecutive year with accumulating effects? They gave rise to spring planting in 30,000 caballerias to try to reestablish the fields that were very affected first by the hurricane and then by the drought.

Nationally, up to 21 December, rainfall was 65 percent of the historic average. That is how much rain has fallen nationwide. And we had said that below 70 is classifield worldwide as a very intense drought. In Pinar del Rio, rainfall was 73 percent; in Havana Province, 68 percent; in Havana City, 70; in Matanzas, where it was 68 percent last year, it was 62 percent of the historic average. In Cienfuegos it was 83; it was the only province with a moderate drought. In Villa Clara, 63 percent; in Sancti Spiritus, 74 percent; in Ciego de Avila, 71 percent; in Camaguey, 65 percent. Yes [rustling of papers] In Las Tunas, 58 percent. It rained 658 millimeters as compared with an average... [rustling of papers] I am looking for a figure that I had to fix because where it said 48 it should have been 58. Right! In Las Tunas, 658 millimeters -- 58 percent. In Holguin, 45 percent; in Granma, 65 percent; in Santiago de Cuba -- and remember they had heavy rains in June -- 68 percent; in Guantanamo, 49 percent; in Isle of Youth, 67 percent. That is the level of drought after a year of drought. And this shows in the reservoirs. If we exclude Carlos Manuel de Cespedes and Protesta de Baragua -- it used to be called Canasta when it was being built -- other reservoirs throughout the country are practically empty. Well, we don't know what would have happened without those reservoirs, which at least allowed the cultivation of rice, for example, even with some difficulty. Now, rice harvests in cold areas, where the yield is the highest, have been reduced to a minimum. A cooperative of the prestige of the Aniceto Perez cooperative here in Havana, which is not a rice cooperative -- it plants potatoes, vegetables, and other crops -- has reduced its area of cultivation to a third. So, this has to affect our production, not only of sugarcane, but also the production of dairy goods, tubers, vegetables, and other foodstuffs.

I believe that this should make us stop and think. At a certain point there was a great hydraulic boom [voluntad] in the country. It started to develop with Hurricane Flora and the devastating floods it brought with it. We lost more than 1,000 lives and there was great economic damage. I don't remember exactly, but we lost a bit over 150,000 heads of cattle. A program was undertaken to build dams to control floods and at the same time use them to develop rice paddies and other crops.

This hydraulic boom acquired great force in the decade from 1965 to 1975. This hydraulic boom later little by little collapsed. Allotments, resources were missing from the plans. The building of dams and irrigation systems faltered. This affected the production of citrus fruit, among other things. In the last 5-year period, the plan for hydraulic works, which was already quite modest, was fulfilled only 70 percent. What was left undone in the building of dams was the equivalent of a full year of work. In some provinces, the engineering works enterprises brought together the construction of roads and dams. This, along with negative trends that developed, such as the allocation of few resources to many projects, which led to the perpetuation of the projects, resulted in 1980-85 becoming the 5-year period when the growth of capabilities in millions of cubic meters was reduced to a minimum.

It is true that many of the most productive reservoirs -- in the sense that they had the easiest to close dams, the biggest rivers -- have been built, but there remains a large potential in the utilization of our hydraulic resources. I was telling our comrades at the Central Committee meeting about Vinales, a municipality we visited during "Bastion 86." We saw the situation there. There was a big drought. Nevertheless, a cooperative there had completed its tobacco planting and all other planting although it had not rained. There was a microdam of 600,000 cubic meters which in mid-January has no water, not because it is consumed but because it filters away. Maybe because the groundwater table level drops and the ground is calcareous, the water runs out. However, they had water those 2 and 1/2 months; they were practically ready to begin the tobacco harvest, and, waiting for the rains, had done the planting. I asked Comrade Lugo of Pinar del Rio Province and the comrades at the municipality to make a study on how many microdams could be built there to run Vinales into a model of utilization of all water sources. They brought out a map showing all that can be done there. There is still a lot to be done. A similar situation is probably facing municipalities in uneven terrain because it is more difficult to build this kind of dam in the plains to guarantee water in critical periods and to carry out agricultural production.

At this meeting I told the comrades of the central group and the planning board about the need to recover dam construction capabilities, to study well how to redistribute resources to go back again to build up the tempo of dam construction -- big, medium-sized, small. It is in these circumstances that one can appreciate how valuable these investments are in guaranteeing the water supply.

Of course, the 1986 drought is more serious than any of the others of the past 40 years. And we say 40 years because those were the figures recorded by the Academy of Sciences. If the research had been extended, it is possible that it could be the worst in the past 50 or 60 years. But nothing can be said for sure. Only that we have had a period of little rain. Logically, it has been affecting agricultural production and has affected it basically in the last 2 years.

One of the first conclusions that we must draw is that we must recover the hydraulic boom and our tempo in creating sources of water supply. This is very important, and an example is that if this year in Havana Province we can plant the same amount of potatoes that we have been able to do in the past, despite a low groundwater table, it is because we finally finished the Pedroso Masposton canal, which allows ut to utilize some 80 million cubic meters at present stored in the Masposton reservoir, a work that was begun many years ago. It was a project that already had many of the induced [inducidas] works, such as a smaller dam to pump the water that flows from the Aguacate valley. It was slowly and finally finished in 1986. It will allow us to extend the cultivation because not all the water available will be able to be used, as irrigation systems are yet to be built. One of the things that we have proposed ourselves is to have the steelworking industry build 50 of those systems this very year, 1987.

This is a very important kind of irrigation system which we are receiving in limited quantities from the USSR because it does not have bigger supplies, only 25 each year. It is a very efficient, economical system that saves water. They are not too complex to build. We hope that at the end of the 5-year period the steelworking industry will be producing around 150 of these each year.

With all the factors involved, we could delude ourselves into believing we could go on as if none of these factors were present, affecting our economy. Of course, our economy has the enormous advantage of finding support in the economic and commercial relations with the socialist community, especially with the Soviet Union. That is, a large part, a fundamental part of our economy finds support in that. If this were not so, I would hate to imagine how we would manage to consume more than 10 million tons of oil and export the excess, which has been the result of economizing. How could we guarantee our levels of energy consumption, general economic activity, and production in general?

Why are these components from the capitalist area so important? Because they are goods that we cannot obtain in the socialist area. Certain amounts of grain for the production of fodder, for instance, to keep up the production of milk, eggs, and meat. We cannot obtain these things in the socialist area. For instance, certain medicines, certain raw materials. If a production requires 40 raw materials and 35 come from the socialist area, if we are short 5 from the capitalist area, then we cannot make the product. This includes foodstuffs, raw materials for medicine, medicines, spare parts, raw material. It could be an important herbicide for the sugarcane, or a pesticide, or certain seeds, etc.

What forces us... [changes thought] what turns these imports into very necessary imports?

Well, the plan has been drafted on the basis of these realities. But before going on, before finishing with this factor we were examining, it would do well to point out that to deal with the drought we should not only find support in the continuation of our hydraulic works program; there is a very important second factor which for a time had been relatively neglected, and which has received greater attention in recent years. That is the potential of making rain. This is the second element we should use to fight as much as possible this kind of natural disaster. Since 1982, the Academy of Sciences has been carrying out a rigorous, methodic research program on the possibility of making rain by seeding the clouds with certain products.

I believe that in this case it is silver iodide. [rustling of papers] Is it silver iodide that they are using in Camaguey, Lazaro? [rustlng of papers] So they already have some results of this seeding of clouds, this making it rain. Summary of the campaign to produce rain for the period 1982-86. The following results were confirmed through various evaluation methods: In 1982, April-June, Holguin, Pinar del Rio, and Camaguey. Dependence exists between operations and precipitation. In 1982, September, October, Santiago de Cuba. Increased precipitation. In 1983, May-October, Guantanamo, Santiago, Granma, and Holguin. Increase in Guantanamo; August estimate: 36 million cubic meters; September estimate: 10 million cubic meters. In 1984, April-October, Guantanamo, Santiago, Granma. Estimated increase in Guantanamo, 300 million cubic meters. Dependence between operations and rain. In 1985, April-October, Guantanamo, Santiago, and Granma. Dependence was determined between operations and rain. Estimated increase in the three provinces in the whole period, 800 million cubic meters. In 1986, April-November, Guantanamo, Santiago, Holguin, Pinar del Rio, Havana, and Matanzas. Evaluation not concluded.

The research shows that in all years, all provinces, there is a relatively important increase in precipitation using these methods. I feel we must intensify this research and apply its results as soon as possible. It is showing us a second very important point of support for us to fight this problem. Clouds with sufficient moisture but not enough for precipitation often pass over the country, and with this technology we could make a lot of those clouds precipitate, especially over the areas where we have the reservoirs.

As I was telling you, these circumstances determined the drafting of the plan. We were trying to find an optimal plan with the two objectives I mentioned earlier: to not sacrifice development and to affect public consumption as little as possible. It is not going to affect either economic or social development.

Before making this study, this analysis, this variant of a plan of around $600 or $650 millions of imports in convertible currencies, we did not have a very clear idea of what the inevitable effects would be, measures that we would inevitably have to apply in 1987. That is why I want to bring them up for you and for the rest of the population.

Why were the measures agreed on? Partly to save convertible foreign exchange and partly to seek internal financial balance between our income and the resources available to produce that income. The deficit, too. I want to show you here what these measures consist of. They are the minimum, but that doesn't mean they are the only ones. No one can be sure whether in the course of the year it will be necessary to adopt other measures. Since this situation will not be resolved in 1988 and because development and investments have to go on, it is likely that additional measures will be necessary in the 1987-88 plan. And if we are wise, we really should extend this radical policy designed to save convertible foreign exchange and to depend less on this foreign exchange through the rapid completion of those investment objectives that can replace imports in convertible currencies, or those investment objectives that will augment exports in convertible currency. This, through greater efforts to the extent possible to obtain in the socialist countries part of what we are forced to acquire at present from the capitalist camp.

I believe, I am convinced, that the measures that we take now will be the most realistic ever -- that is, they will address the reality of a blockaded country, a country that has difficulties in increasing its exports in convertible currency areas. Because we export nickel and the Yankees chase our nickel all over the world, they do not feel it is enough to deprive us of the American market, one of the biggest markets in the Western world. Many countries all over, when they make up their programs to increase exports, estimate a large part of this increase will come from the American market. They are not happy with just depriving us of that market. They do other things. They chase our exports all over the world. They take measures, you could say repressive measures, against companies that buy nickel or buy other Cuban products, forbidding them to transport cargos that include nickel or other Cuban material to the United States. They are not happy with just doing that. Look at their sugar policy. Of 5 million tons they imported some years ago, they are now importing 1 million -- 20 percent. And they are doing away with those imports. When we discussed the foreign debt, we had mentioned this. They had reduced the sugar quota to less than 2 million, and now they have brought it down to 1 million. A hue and a cry has been raised by scores of countries that exported sugar to the American market. With that merciless, implacable selfishness, they reduced by half the quota for countries such as the Dominican Republic; scores of other countries have been affected by that implacable measure taken by imperialism, cutting down to a million. They are also affecting those countries that did not have a U.S. quota, because in these past years they have dumped on the market the 4 million that they had stopped importing. This 4 million have ended up in the international market.

And if you take the 5 million tons the EEC dumped on the international market, a region that used to import sugar and now exports 5 million tons of subsidized sugar, and add the 4 million that the United States has stopped importing by replacing it with subsidized sugar, this would explain the drawn-out period of depressed prices that the so-called international sugar market has been experiencing.

In the drafting of the plan, seeking the objectives that we mentioned, seeking to save convertible currency, and seeking an adequate internal financial balance, we agreed on some 30 measures, from 35 [as heard] to 30 measures for application in 1987. I am going to list them:

We will eliminate the quota of electrical domestic appliances and spring mattresses for social programs, except in organizations such as tourism. This is to make more of those articles available for sale to the public. The objective is to earn income, to help the balance of domestic finances.

We will adjust the distribution system of liquid milk. Everything possible was done. We cannot import more powdered milk above what we are receiving now. We are receiving around 20,000 tons from the GDR, around 9,000 from the Soviet Union, some amounts from the world food program. We cannot think of importing powdered milk in convertible currencies. With certain adjustments we can meet the needs. We can make a big effort in our own external [corrects himself] internal production despite the rain [as heard], despite the drought, without affecting, for instance, the distribution of milk among children. We will keep their quota of a liter of milk. We will have to make some adjustments, whether with the intermediate level student or the secondary rural schools. They receive half a liter.

We will adjust it to one third. In those workers' lunchrooms where they received a third, we will adjust it to a fourth. In certain diets, we will adjust to a fourth of a liter. So, these are a whole series of measures that will not affect the children but will still meet needs without spending convertible foreign exchange in imports of powdered milk.

Adjustments will be made in a small degree to the diets of boned beef. It will be adjusted to about 1/4 pound. You see, we have to go down to the nitty-gritty, with plenty of precision, with the intention of affecting the least number.

We will eliminate the afternoon snack service in the administrative spheres of the central organs of the state and of the local organs of the people's government. That is, the afternoon snack is done away with. I sincerely tell you that this is going to be a healthy thing.

We will reduce the sugar quotes for the Food Industry Ministry and the local organs of the people's government used in production.

We will replace the quota of up to 2 months of rice for the organs of the western provinces with double the potato quota. This will save a few thousand tons, giving out potatoes for 2 months, the harvest time when potatoes are abundant, instead of assigning rice to the western provinces.

We will adjust the quotas for the workers lunchrooms at the sugar and agriculture ministries except during sugarcane harvest season. This is because food self-sufficiency has developed enough in agriculture and the sugar industry, and this makes it possible to reduce some of the central quotas for the lunchrooms of those ministries.

We will replace, all over the country, the afternoon meal in child care centers with a snack -- that is, give them a more substantial snack instead of the evening meal. This has two purposes. This idea had come up earlier. The objective is to increase the number of child care centers, because the demand is there. The capital itself has a strong program this year. We will extend this program to the rest of the country in 1988. Our concern was that this increased social programs expenditures and we estimated that substituting one of the meals we could considerably increase the number of centers without increasing the social programs. The child has his quota at home. If a 5-year-old has a liter of milk at home and has his full quota, and he is already receiving a snack, lunch, and another snack, then the fact that he has to eat at home will do him no harm.

This will not only help to save money but it will also make it possible in later years -- and this is the main intent -- to have a program to build child care centers to meet the growing needs of families, of working women. In Havana Province alone, 50 child care centers will be built in 1987. I mean Havana City where there are some clandestine centers. Mothers, of course, prefer the care and security that the social... [corrects himself] the child care center provides.

We will adjust the planned excess of the students mobilized to rural schools. This, too, in search of savings. The excess.

We will keep the number of students eating at half-board and full-board schools at the same level as in the 1986-87 term. The number remains the same. The quotas will not be increased.

We will reduce the monthly kerosene quota of the core consumers. In fact, that measure has already been applied. That is the real situation.

We will adjust the gasoline quota used in administrative activities by 20 percent.

We will adjust television programming to 5 hours a day from Monday to Friday. We will adjust television programs to 2 hours Saturdays and Sundays.

We will earmark an additional 10 million square meters of fabric for export that was orginally intended for personal and domestic use. Yes, we will deprive ourselves of 10 million square meters.

We will increase the electricity rate for the domestic or private sector. The rates will go from 6.5 cents per kilowatt to 9 cents. A 2.5-cent increase. I understand this is still 1 cent less -- if my recollection is right -- than the rate was 30 years ago, nearly 30 years ago under capitalism. The revolution cut the rate considerably, almost in half. What we had before was the lineal rate, for those who exceeded 100 kilowatts. In this case, it is raised. Even though now investments per kilowatts are about five times higher, and fuel prices are much higher, electricity will not cost the 10 cents that it did under capitalism. The objective of this measure is to economize, because yearly increases in electricity consumption are considerable.

We will regulate the assignment and use of vehicles in the civilian state sector and eliminate the connection [vinculacion] with privately-owned cars. There are a large number of state cars with blue plates ranging from scooters to pickups, jeeps, cars of all kinds. These are the ones that frequently show up at the beach, at recreation areas. The population, rightly and fairly so, criticizes this. We will establish [corrects himself] we are working hard so that we can define in the strictest terms who will have what used to be called official plates. We will do this in the shortest time possible, although it is going to take some months. We will reduce the use of official plates to a minimum. We will define what you can and should do in those vehicles with official plates. We will use mostly taxicabs [vehiculos de pigueras] in organs and enterprises -- we are still studying the enterprises more closely. These vehicles will bear signs identifying the organization. They will belong to the organization. The assignment of vehicles of various kinds had extended quite a bit among the various levels of employees. That gave rise to big expenditures in fuel, parts, tires, repairs, etc. Many of those will have their vehicles sold to them. But they will have to repair them themselves, they will have to put their own gas in, and they will have to provide their own tires. I believe that this will bring considerable savings. [applause] They can transport themselves with the private car. They pay the gasoline. They pay everything. It will not be the responsibility of the state. Of course, this is a measure that affects, many of these measures affect the cadres. Several of these measures affect the cadres. But the effects have to begin first of all among the cadres. Above all, economizing must be encouraged.

We do not have the exact figures on how many cars will be needed. We only have estimates of the number of cars needed in central organs or organs of the people's government to replace those currently used in the services or that are actually required in the state central administration and the local people's government organs. Perhaps a few thousand, because, of course, the activities that those central organs and enterprises are engaged in are wide-ranging, broad. Several thousand will be needed. But they won't be the 70,000 the organs now have. Of course, the 70,000 includes motorcycles, scooters, pickups, etc. Even the buses have plates. All these factory buses have the famous blue plate. We hope the number of blue plates or whatever color they are -- official plates -- will be reduced to less than 2,000, or not more than 2,000. That is the idea. That is going to be well controlled. The assigned taxi cabs will have other plates. And we'll have to find another plate for trucks, hospital vehicles, pickups, certain vehicles, all, all, all of which have the same plates, so we can know where each vehicle is and what it is doing. We must demand responsibility for the incorrect use of those vehicles.

The link [vinculacion] was another idea that degenerated. Cars have been sold in the past 10 years to outstanding workers, outstanding technicians. But at first a few cars were sold to technicians who performed very important functions and who put the vehicle at the service of the government. That is where the link comes from. That degenerated. There was a time when there were 20,000 linked cars. Anyone who wanted a vehicle linked it some way or other. This way...[changes thought] the link thus disappears as a rule, although it will be kept in part, because until we apply these measures we won't know what the vehicle deficit will be for indispensable functions and work. It is possible that a few thousands -- 3,000, 4,000 or 5,000 -- will be linked but not at the discretion of the organ and without any control, but through previous central authorization. We will have to know how many a ministry can link and why. It will be centrally controlled so that if it's 4,000, it will be 4,000, because at one time there were 20,000 linked private cars. In recent years this has been reduced somewhat. If we go from 20,000 to 4,000 or 5,000, and if they are well controlled, well justified, then we will also be economizing a good amount of fuel and other motor resources. I don't know if my explanation is clear. I hope my fellow deputies have understood.

We will reduce diet and personnel expenses by 5 percent. I feel we could reduce them more, but we are going to go with this one.

We will reduce foreign currency expenses in travel by 15 percent.

We will eliminate gratuities in workers' lunchrooms in all areas of activity. If the linked wage has been established, if they are paid in accordance with input, and if housing is sometimes provided, there should be no justification. This measure means tens of millions of pesos a year. Therefore the gratuities in workers' lunchrooms are eliminated in all areas of activity.

We will increase retail prices of products from areas that are self-sufficient. Self-sufficiency was established in sugarcane and other agricultural farms so that they would have supplies in the lunchrooms of those items that did not reach them from stocks -- vegetables, tubers. But that, too, incurred excesses. It was distorted a bit. And if we don't put a limit on it, the time will come when sugarcane will be planted for their own consumption. As a result, there was a surplus. In addition to the quotas they received for the lunchrooms, they began to sell to the individual workers.

And it wasn't always small quantities of rice, beans, and so forth, at the same price as those in the quota, which is, as you know, a nominal price [precio incosteable]. It is a subsidized price. They were selling 15 or 20 pounds of rice at the price of regulated goods. Those who had something left over could sell at 1 peso, 1.20 according to circumstances. It turned into an element of income, almost, of income not based on the work. What do we propose? Not fixing them at parallel market prices, but neither at prices of regulated goods. If someone gets more pounds of rice or beans, he has to pay for them at another price, not as high as in the parallel market, but at higher prices than those that are being paid now. It is one of the measures that must be adopted in 1987.

Now, we will increase public urban transport fares, including transportation to and from factories. We estimate urban transport will go up from 5 to 10 cents. This had already been discussed in the main report to the third congress even before these needs arose. Now this measure is being taken in light of our needs. We are trying to reduce to some extent the use of transportation. People sometimes take it just to go two, three, five blocks. The objective is to save fuel as much as possible, regulate, make transportation costs more viable. Because the fares are the same or less, well, at least the same, as 30 years ago, though fuel, equipment, wages have been increasing through the years. What the country spends in tires, batteries, parts is considerable. This puts it on firmer economic bases. It's not that we are going to charge the same as in other countries, which as a rule can be $0.30, $0.35. It's a dollar in New York. With what you spend on a single trip in New York here you could make 20 trips. Now you can make 10. Of course, we are aware that this measure affects personal and family income. The measures on transport and electricity are the ones that really affect the most.

This has to go along with a study on what to do in those articulated buses where there are people who don't pay. What measures can be taken to make it more accessible when you get on a bus. Whether to put coin boxes at the various doors. The comrades in the party and the transport institute are working on that, to see what rational measures can facilitate the use of this transportation and facilitate collection. It seems that we will have to put conductors in those articulated buses. We'll see what measures we'll take, because some people are going without paying those insignificant 5 cents.

We will ensure the self-financing of popular fiestas.

We will revise medical diets, including permanent ones, because diets have also been abused. They go for one stay and they stay forever. Each time there is a diet you try to resolve, to satisfy it. But there are those who give diets out of friendship. I don't know if they are called the same as the certificates of complacency, diets of complacency. They are going to be studied, regulated, because there are about 1.2 million. And sometimes the diet consists of meat, of this and that, of milk. We must have better control of these diets.

We will reduce the number of work events and meetings no less than an overall 50 percent. [applause]

We will modify the schedules of sporting and other recreational events.

We will increase the prices for some parallel market prices -- not all, but some. This is for the same reasons. Because of shortages that could arise, the parallel market must not be given up. It is an important source of income. It helps to resolve some deficits at the discretion of the population.

These are the measures agreed upon. They will help us to find an internal financial balance. They are included in the budget.

And, I repeat, we cannot give assurances that the need might not arise to take additional measures during the year. We will do as much as possible to avoid them, but we cannot give assurances at this time. In 1987, 1988 some other measures will have to be implemented. They might less directly affect the public, but we will have to take them in 1987, 1988 to guarantee development plans and for a better redistribution of income. I say better redistribution because in this case, along with these measures, we are thinking of retirees, for instance, who have less income. The retirees do not enjoy the advantage of adding to their yearly wages with the linking, the productivity. There are some hundreds of thousands whose pensions are less than 100 pesos. They are going to be giving up to 5 pesos extra to those retirees who are receiving less than 100. Up to 5 pesos. The maximum is 5 to those who are getting less, and those who are nearing 100 will get a little less. [rustling of papers] We feel that this increase partly compensates. These pension increases could amount to 40 million pesos. So, part of the income is redistributed. It will be some 40 million pesos each year. I was being reminded that there will also be an increase in inter-province transportation. I had not mentioned it when I spoke of the fare increases. The urban [changes thought] I did not mention it. Increase in the public inter-province transportation fare.

These are all the measures adopted taking into account the situation that more or less directly, to a greater or lesser extent, affects public consumption or fundamentally affects public expenses.

Of course, this situation makes the rectification of errors and negative trends not only a moral obligation and a revolutionary duty, but also essential. We have talked about these errors and negative trends during the year, since the Third Congress; they are beginning to be rectified.

I must say, fellow deputies, that our country has been a privileged country. It has had considerable resources, not only to carry on a strong economic development program which can be seen in the reports from all the provinces. This can be seen very clearly when Havana province, Cienfuegos, Camaguey, Granma speak. They have the inventory of everything that the revolution has achieved in the economic field and the enormous inventory of everything that the revolution has achieved in the social field in the course of these 27 years, despite the imperialist blockade, and despite the inevitable expenses in the services to defend the country and the revolution.

We have had colossal achievements in health, education, sports, in the whole social field, culture. There are very important economic achievements as well. The truth is that there exists our patriotic, revolutionary effort; we are always ready to fight, to make any sacrifice, even sacrifice our lives, which no revolutionary thinks twice about. However this has not been the same in productive activities. [applause]

We have spent practically all that we have wanted to. Enormous sums. And the lady [not further identified] spoke precisely of how everybody wants to resolve in a year all the problems that have accumulated for centuries. Many times they try to go over the plan to solve these problems. They do not have the necessary patience to wait. In all fields: education, health, culture. I gave as an example the day that the drive of our dear comrade Armando Hart was launched, the idea of a cultural module for each municipality. A movie house, library, everything else. And things were done by coming up with some idea for a drive. They said "cultural module," and there went everybody building 10 modules for each municipality, without anyone making any estimates anywhere of how many resources the cultural module required. Fine. Sports fields, everything.

Our country has had the privilege of having all the fuel that it has needed. All the tractors it wanted. Many things, all that it has needed and even more. This has brought waste as a consequence. People were spending without consideration of any sort.

We have wasted fuel, material resources, raw materials, everything. Those are the facts. Until we start economizing. I gave the example of fuel. Without a policy of economizing, those 3 millions would be wasted. For sure. Things are being done in an attempt to overcome deficiencies. But we still have a great deal to do in the area of material production. Far from waging the battle in that direction, vices and negative trends were emerging of all kinds. There were distortions in wages, obsolete standards which were never brought up to date, the standards that remained the same despite the introduction of anything that would raise productivity. The diversion of resources of all kinds. And all the rest of the problems, including the swap among enterprises, between cooperatives and state enterprises, etc. All this that we have been discussing in the course of the year.

Some anonymous heroes among the people fought against those outrages. In the best of cases, they were ignored. Sometimes they were even silenced. There's this girl from Santiago who appeared in GRANMA yesterday and today. These are two articles that are worth reading, so people can become aware of some behavior, some attitudes that we must completely eradicate. This comrade Spencer [rustling of paper, Raul Castro saying "Spencer, Sylvia Spencer," in background], Comrade Sylvia (Marjorie), who worked in the Santiago de Cuba cement factory. She talked about these things. For instance, on 18 November -- I don't know the year -- in a lengthy report to the deputy director of human resources... [Raul Castro whispers "1984, 1983"] 1983? I don't know if this referes to 1983. [Raul Castro says: "She's been fighting 3 years against these devils you were denouncing. And they almost turned here into [word indistinct] puree"] She was reporting wage violations and errors, detected in the payrolls, to the administrative staff. She was alerting them to the fact that with personnel already hired, contracts were made although the position did not exist on the staff. In 1984, in a report dated 25 April, she denounced fellow workers who were reported twice, with workdays of 24, 26, and 28 hours. Many of these cases came up often in the party's talks with the enterprises in the provinces. The wages of some were incredible for a single month: 1,246 pesos, 1,013 pesos, and 8 others; 4 with more than 900 pesos, and the rest with more than 800. There are workers who have a job by agreement [trabajo por acuerdo] and also have entitlements and double pay [horas habilitades y doblajes].

All these things showed up very clearly. There were other similar phenomena in the analysis of the negative trends and errors. Resources have been wasted in all that. Money wasted in incalculable amounts. That is not all. The worst is that this has very negative moral implications, really demoralizing and corrupting effects. The worst thing is that all these things tend to corrupt people. It is very easy to give, to distribute; taking is what's hard.

And that is why I said that the struggle against this trend is no longer just a moral and revolutionary obligation in order for the revolution to move faster, for development to be faster, firmer, more solid. It is a vital economic necessity. This rectification process is taking place precisely when economic difficulties are greater. Some will ask: What does this rectification process produce? If you think about it, you will realize that it can have tremendous effects on the efficiency of production, of services. Tremendous effects on the economy. I am going to cite two examples, to which you have been witness. They came up yesterday afternoon, when Comrade Homero was speaking, a deputy from Cienfuegos. He was telling us what had been accomplished there in the CEN [electronuclear plant]. It was on 19 April, if my memory serves me, when I raised the issue of the CEN, the underutilization of the workday, the demand of 17,000 workers to build that project.

What was the result of that? There alone, there alone, to become aware of the problem of manpower underutilization. They may not have been aware of that problem when they were asking 5,000 workers more for the last stage, when the work would be stepped up. Five thousand additional workers are 5,000 additional workers to be transported from Santiago de Cuba by bus, which uses up 8 [corrects himself] 1 gallon for every 8 km. For 800 km, 100 gallons. They have to get gasoline about three times on the road. Imagine every 30 workers. More than 150 trips by buses Giron 4 and Giron 5 to go to Oriente, which is the only place there is an excess work force, to pick up the 5,000 needed in Cienfuegos. Housing for 5,000. Uniforms, clothing, shoes for an additional 5,000. Food for an additional 5,000, and the people working there in the CEN have a special diet! He was telling us yesterday that by simply raising the utilization of the workday, they had managed to increase productivity from 67 percent, which was the figure given to me, to 78. And they are managing to bring it up to 85. From that moment, when we raised the issue, up to now, they have raised the utilization of the workday the equivalent of 1,000 construction workers. With the utilization of the workday alone. Now you figure what it means that they can build that project with 12,000 workers, instead of 17,000. Doesn't that have repercussions on the economy? I am sure that the 12,000 workers, by utilizing the workday well, at 85 percent, will build that project in the required time and with the required high quality.

Another example came up in what Comrade Lezcano said about using good cadres in that enterprise and following a rational criterion in regard to indirect workers, staffs, services. The approved staff for that very important ironworks went from 1,900 workers to 1,020 workers. Witness the policy to rectify negative trends and errors in a single factory: a reduction of almost half the workers. Nine hundred less workers to transport, 900 workers less to think about getting housing, quotas, food, all that.

See what rectification can do in the material sphere. Two examples only. Extend that to the breadth and length of the country in every new factory. And I say every new factory or service because the present situation can hardly be touched. We would create a tremendous social upheaval. This has to be done slowly, each time there is a new industry, a new factory. Above all, we have to be conscious of these problems.

This does clearly demonstrate what I have repeated so often this year. The role of the party is irreplaceable. Socialism cannot be built without the active, intelligent, wise role of the party. Development is not possible. Nothing is possible. This also demonstrates that the party really works with man. The party organizes, the party educates, the party creates awareness. I have seen these manifestations of awareness making headway. I have already seen centers that want to do the same thing that the genetic engineering center and other centers are doing. This trend is being fostered.

As I said at the Central Committee meeting, we can't now suddenly rationalize everything. No, because we don't have a way to employ them. I believe we have to do it gradually. Each new service, each new project. As we are planning to do in Havana with the expansion of hospital services. We know that there are thousands extra. But we are going to transfer them. We are not going to take them out now. We are not going to create that social, political problem. We are going to be transferring them, redistributing them, so that a hospital will have more beds with the same amount of workers, or with a minimum, if the increase in beds is considerable. That is what we have to start doing. It is more urgent in the western regions than in the eastern, because, as we were saying yesterday, there is a certain surplus in the labor force in the eastern regions, which requires a program in that direction, in the direction of industrial investments.

We cannot take full advantage of these ideas now. We have to do that in the course of time. We have to develop to solve those problems, give the most rational employment to our citizens, both in the field of services and in the field of economic development and material production.

An example of a citizen providing a very valuable service is the family doctor. We have not turned that young person into a bureaucrat, an unproductive worker. Three of them are not doing the work that one can do. We have him with the family, giving security to 600 people, prolonging the life of 600 people, ensuring the well-being of 600 people as much as humanly possible. That is a service that is greatly appreciated. Those doctors that are on the mountain and all over reducing infant mortality and, especially, prolonging life, especially prolonging life.

The programs to increase longevity will not do it so much by reducing infant mortality because the margin left in that area is very narrow. Anything that is done to increase longevity will have to be done on the basis of prolonging the lives of adults and the elderly. Allowing them to live until 80 instead of 70, 85 instead of 75, or 90 or more. The program to reduce infant mortality has helped the children. These programs carried out through the family doctor help the whole adult population.

How more useful to have a citizen with a job of this kind. What does not translate into material production increased will translate into expansion and improvement in very important social services. And we have to do it gradually, slowly. We cannot go galloping in this. We have to think everything over carefully. These two examples in the sphere of material production indicate how much this rectification can achieve materially and socially.

Let's go back a few days, when we had the deferred congress session. Comrade Caballero, member of the Central Committee and new director of the Miguel Enriquez Hospital, was telling us about the fabulous things he had achieved there with the rectification process. Consuming in 3 months the special gasoline that used to be consumed in 1 month. Resolving the problem of 4 or 6 mosquito nets that they needed in the hospital and availing themselves of the 2,000 stored in the warehouses. Resolving the problem of funds, which were exhausted in October. And I am not talking of a material production center. I am speaking about a hospital. How much doesn't remain to be done in this field? In schools, hospitals, everywhere. He did not only save material goods, he improved services, reduced absenteeism among nurses from 7 to 3. Of 52 doctors who did not do watch duty, he reduced them to 2. And so on.

Why couldn't we improve services? Of course, preaching by example, because the first one who stood watch was he. He, who was the director, was doing surgery, seeing patients.

I am simply giving you three examples. These three examples can be multiplied thousands of times throughout the country. Comrades, I sincerely believe that these lean cows in the area of the convertible currency, are lean in a very important area. These lean years could prove to be very useful if these years teach us to be much more efficient, much more economical, much more responsible. I don't know if it's part of our idiosyncracy, what's still left of the individualistic and anarchic spirit, the inheritance of so many centuries of colonialism and neocolonialism, of so many centuries of self-centerdness and capitalism. I don't know if it's because of that, but there is no doubt that any measure here tends to quickly degenerate.

Use interruptos to resolve the problem of the tobacco growers because of the blue mold, they said. And "interruptism" spreads with its sequel of plunder, unwarranted waste, of individuals who broke equipment so they could become interruptos and work on their own -- all those things came with it.

Let's link the technicians. Very important. They suddenly put their vehicles at the service of the state. Everyone was linked. And many more measures could be mentioned, cases in which useful, positive ideas, immediately get out of control, degenerate. Let's link work. That degenerated into an absurd situation. They were linking everybody, even radio announcers, producers, who knows that, in areas where linking was not approrpriate.

Let's use material incentives, and all of a sudden the material incentives went out of orbit and people were corrupted. And so we have that tendency that requires that we be very careful in everything we do because of the way it immediately gets out of control, people abuse it, and it degenerates.

I am deeply convinced that if we know how to work, if we know how to make the best of this situation, and we become as efficient as is needed to utilize 85 percent of the workday instead of just 60-odd, or if we use only half of all those overinflated staffs we are now using, if we really learn to administer efficiently -- if we had administered the same resources we have had through the years with true efficiency, how many more things would we not have in all fields? Projects would have been 50 percent more, 100 percent more. Yes, that's it. No one knows. What could be done by optimal use of resources is incalculable. We are rather grown up now. We are no longer an illiterate people who cannot understand what the problems are. The people have a ninth grade education. Almost all the young have 12 years of schooling. Professionals, those who have finished college and those who are still in college, now number hundreds of thousands. There should be no justification for going on merrily and irresponsibly.

It would be hard to have more resources than the ones we have had, more outside cooperation. There is no doubt that whatever additional resources we have from now on we will have to get out of our own work, our intelligence, our effort. Nothing will come easy. What we have to do is multiply the fruit of the enormous resources that we have available. If we have scores of tractors, it's not to make them all run. That has been limited for some time, but more could be done. Trucks running around, going where they don't have to go. Tractors used for anything, for private business. Those are all the things we must eradicate, because they are very expensive, very costly for the economy, for the country, for the revolution, all these excesses.

I am not denying that we have made progress in many fields, but there is still a great deal to do. And more importantly, we should take care that what we make progress in one one hand we dont' waste on the other. It is also very important to strictly implement the agreed on policy on priority investments. Each party cadre, each people's government cadre wherever he is must have the list of the priority projects. Whatever they are, a tobacco shed, even if only a tobacco shed, or the extension to a poultry slaughterhouse, as we were saying at the Central Committee, because it saves meat, because it saves feed imports. Big or not, every little project listed as priority must be carried out. Keep the list next to your bed, each one of you, so that these priority projects will be carried out. Those that save imports in convertible currency, those that increase exports in convertible currency.

This does not mean that we should forget the CEN. The CEN is not a number one project. It is a number two project. But when the CEN gets its four reactors we will be saving $500 million in fuel a year. It will allow us to keep increasing our acquisition of electrical appliances. We'll be able to cook with electricity, something we are not doing now because we would considerably increase costs. That is a project that cannot be neglected a single minute. Well, no project should be neglected a single minute, but this one, which has priority, has to be followed closely. And then the others. Because the important thing about this plan, as the lady was saying, is that it be fulfilled. We are going to review how investments are going every 3 months. If on a particular project we can't invest what the plan calls for, then we will centrally transfer from that project to another project that is in a better situation to do more.

We were talking about the need to build more hydraulic works. Well, the planning board must study how much (?rubber), material, resources, fuel are needed for an adequate dams building plan.

I don't know how many millions of cubic meters we will be moving now in that field, but if it is 10, let's make a plan for 20, 30. Let's make calculations as to how much material we'll use. We can't simply measure it in pesos, because a budgeted peso spent on a hospital, which requires so many expenses in convertible currency, so many direct employees [directos], so much equipment, is not the same as a peso invested on a dam. We have to see how much that means in fuel. Well, indirect foreign exchange in cement and other materials. Because you are working with soil, and a peso in a hospital does not generate as much expense in convertible currency as a peso in a dam-building plan.

We must calculate how much a peso in building warehouses is going to cost. What it means, what it cost in foreign exchange. Because it is not going to cost the same as a hospital. The need for a program to build so many square meters of warehouses each year can be clearly seen, not to meet needs in 6 months or a year, but to meet needs at least in 5 or 10. A rational program, a well thought out program. Which and where to build each year.

We have to distribute and redistribute our resources to optimize our economic efforts and our plans and invest there where the investment will more quickly solve big economic problems or big social problems. I am sure that this situation is going to make us much more efficient.

We have a party of half a million members, and in addition, we have the young, the mass organizations. We have enormous resources. These are not the first years of the revolution. Our cadres have acquired enormous experience, the capacity to think, to analyze. We are not facing a difficult task, which is drafting a plan like this. It will bring difficulties, it will bring delays, because it is not easy to carry out trade in these circumstances, in which for the first time we find ourselves in a situation in which we have been unable to meet our financial obligations. This brings difficulties even to carry out trade with the available resources. We will have to work under more difficult conditions than when we had reserves of certain raw materials and certain resources.

We are not going to execute the plan in ideal conditions, but in particularly difficult conditions, in which we will often be lacking one or two indispensable raw materials, or they will be delayed even if we have the other 35 or 36 or 38.

I believe, ladies and gentlemen, that this is the essence of our work, the essence of our problems. If we work well with all our human and material resources, if we take advantage of our relations with the socialist countries and optimize the use of our resources, we will emerge from these difficulties. We cannot think we'll do it in 1988. Things have to be planned on the long term. And the virtues we may acquire in this struggle, this effort, we should enrich them, keep them first of all, enrich them, and develop them further. [applause]

I do believe in several things. One of them is the potential of man, of revolutionary man. Life has taught me that there is no obstacle that cannot be surmounted. I very firmly believe in the potential of socialism.

Socialism may not have yet overcome its inexperience, may not have yet overcome its mistakes, may not have made its methods perfect, but I believe in a method of building socialism based on the consciousness of man, on political work, on revolutionary work, that realistically knows how to use material incentives without corrupting people, without it being the leitmotiv -- let us say the motive -- of their efforts. The advantages socialism has in being able to plan, foresee the future, and work on the long term are fabulous.

The possibilities of building socialism among a people as enthusiatic as ours, as revolutionary as ours, as patriotic as ours -- these are unquestionable virtues above the negative tendencies that I was referring to before -- are fabulous.

When Flavio was speaking about our democracy, comparing it with imperialist democracy, I was thinking that not only does more than 95 percent of the population take part in elections, but look who they elect. It would be difficult in our democratic process to elect a scoundrel, a thief, a multimillionaire. To run for public office in that capitalist society costs billions in publicity -- publicity is one way to pass lies as truth. What a difference form that capitalist system with lack of internal unity, its divisions. And I think of the advantages of a totally united people as here. A single army, capable of hitting with a single fist. The advantages our system has to face any problem. The subjective and objective advantages to set itself any goal. They are incredible. The limitations are in ourselves, in our incapacity to know how to utilize all this fabulous potential. We have come far, we have done many things in these 27, almost 28 years, but as I have said other times, we could have done much more. Many things. Better things. We have made much progress, but we could have made much more in these 28 years.

Today we have the responsibility not only of solving our problems but also to set a good, positive example of how problems can and should be solved in socialism. This means a historic challenge for us of a national nature and also a historic challenge of an international nature.

The imperialists may try to take advantage of our criticism and self-criticism, of our struggle to overcome these mistakes, but this should not worry us at all. They should be worried, really, about what we are doing, this rectification, because they do know that if we do otherwise we would go wrong. We would create all sorts of problems for ourselves in the future. They know that this is the right road. That must worry the imperialists a good deal. I am convinced that we are on the right course, that we are on the right road. I am absolutely convinced. This process is really promising. With all the factors within our reach, if our people in the past were capable of overcoming very big obstacles and win very difficult battles, now that we just had the 30th anniversary of that meeting of Raul and me in Cinco Palmas [applause], I can repeat today: We are truly going to build socialism now. [applause; shouts of "Viva Fidel," "Viva Raul"]

REPORTAGE ON ARMED FORCES ARTICLE BY RAUL CASTRO

For the text of the article "On the 30th Anniversary of the Revolutionary Armed Forces of Cuba: Guarding Socialism's Gains," published on page 3 of Moscow KRASNAYA ZVEZDA in Russian Second Edition, written by Army General and FAR Minister Raul Castro Ruz, see the Latin America & Caribbean section of the 31 December Soviet Union DAILY REPORT.

ENTIRE CABINET RESIGNS AT PRESIDENT'S REQUEST

F1302105 Bridgetown CANA in English 2055 GMT 30 Dec 86

[Text] Georgetown, Guyana, Dec 30, CANA -- The entire Guyana cabinet resigned today at the request of President Desmond Hoyte, his office said.

The action would facilitate a comprehensive and expeditious reorganisation of the government, the office said.

Junior ministers and parliamentary secretaries were also required to hand in their resignations.

The president is expected to announce his new government shortly.

GUYSUCO SAYS SUGAR PRODUCTION HIGHEST SINCE 1983

F1301857 Bridgetown CANA in English 1439 GMT 30 Dec 86

[Text] Georgetown, Guyana, Dec 30, CANA -- Sugar production here in 1986 was the highest since 1983, the state-owned Guyana Sugar Corporation (Guysuco) announced today.

The second sugar crop ended at the weekend with Guysuco's nine sugar factories recording a total of 120,965 tons.

The total production figure for the year was 245,440 or 94.4 percent of the budgeted target of 260,000.

Guysuco recorded a 1985 output of 243,000 tons.

Last year efforts thousands of sugar workers have earned four days tax free pay. [sentence as received]

Workers at Albion, Rosehall and Blairmont estates also gained an additional two days tax free pay because the estates achieved in excess of their production targets.

Guysuco had hoped to extend the 1986 second crop into the first week of 1987 but heavy rains forced a reversal of this decision, the company said.